



# **NKANDLA LOCAL MUNICIPALITY**

---

## **ANNUAL REPORT**

---

**2018/2019**

# TABLE OF CONTENT

	PAGE
LEGAL MANDATE	3
CHAPTER 1	
MAYORS FOREWORD	4
MUNICIPAL MANAGER FOREWORD	5
ASSESSMENT BY MUNICIPAL TAXES AND SERVICE	6
CHARGES BY THE MUNICIPAL MANAGER	6-7
MUNICIPAL OVERVIEW	8
VISION, MISSION & OBJECTIVES	9
POWERS & FUNCTIONS	9
WHO ARE WE?	10-12
TRADITIONAL AUTHORITIES	12
KEY CHALLENGES	13
SUCCESS	14
CHAPTER 2	
GOVERNANCE	15
GOVERNANCE STRUCTURE	15
ADMINISTRATIVE STRUCTURE	16
STAFF COMPONENT	17
INTERGOVERNMENTAL RELATIONS	18
CORPORATE GOVERNANCE	18-21
CHAPTER 3	
SERVICE DELIVERY & ANNUAL PERFORMANCE	21
ASSESSMENT OF PERFORMANCE OF EXTENAL SERVICE PROVIDER	96-104
ORGANIZATIONAL REPORT ON SDBIP	91-110
CHAPTER 4	
AUDIT COMMITTEE REPORT	APPENDIX A - 111-113
OVERSIGHT REPORT	APPENDIX B – 114-121
FINANCIAL STATEMENTS	APPENDIX C – 122-176
AUDIT REPORT	APPENDIX D – 177-182
AUDITOR GENERAL REMEDIAL ACTION PLAN	APPENDIX E – 183-186

# NKANDLA LOCAL MUNICIPAL ANNUAL REPORT: 2018/2019

## 1. LEGAL MANDATE FOR THE PREPARATION OF THE MUNICIPAL ANNUAL REPORT:

**Section 121 of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that:**

1. Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this chapter. The council of the municipality must within nine months after the end of a financial year compile an annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

## 2. The purpose of an Annual Report is-

- a. To provide a record of activities of the municipality or municipal entity during the financial year to which the report relates
- b. To provide a report on the performance against the budget of the municipality or municipal entity for that financial year
- c. To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity

## 3. The annual report of a municipality must include-

- a. The annual financial statements of the municipality, and in addition, if section 122 (2) applies, consolidated financial statements, as submitted to the Auditor General for audit in terms of section 126 (1)
- b. The Auditor General's report in terms of section 126 (3) on those financial statements
- c. The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal Systems Act
- d. The Auditor General's audit report in terms of section 45 (b) of the Municipal Systems Act
- e. An assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges
- f. An assessment by the municipality's accounting officer of the municipality's performance against measurable performance objectives referred to in section 17 (3) (b) for revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant financial year
- g. Particulars of any corrective measures taken or to be taken in response to the issues raised in the audit reports referred to in paragraphs (b) and (d)
- h. Any explanation that maybe necessary to clarify issues in connection with the financial statements
- i. Any information as determined by the municipality
- j. Any recommendations of the municipality's audit committee
- k. Any other information as may be prescribed.

### 1. Foreword by the Mayor

Our young political system as the country afforded us the opportunity to run the council of Nkandla representing all our citizens regardless of their race, gender, beliefs as well political affiliations. Our culture as the Nkandla Municipal council is clean governance without compromise service delivery. That entails the respect of all the pieces of legislation relevant to the processes of running the municipality. These include the Constitution of the Republic of South Africa, Municipal Structures Act, Municipal Systems Act, Municipal Finance Management Act, Division of Revenue Act and more.

In 2018/2019 financial year, we have prioritized service delivery as a core business of the local government. It is indeed through service delivery where the lives of Nkandla citizens will be improved.

The total Budget for the Municipality for 2018/2019 financial year was **R195.6 million**, comprising R56.2 million for capital and R139.4 million operating budget and with this budget, the Municipality was planning to address issues that really affects the people of Nkandla. Education is the key to success for the country. The cost for education has increased dramatically over the years hindering access to people coming from disadvantaged communities. Nkandla with no exception 2018/2019 budget year, 86 Learners have been awarded with bursaries to pursue their studies at tertiary institutions.

Investors has been attracted to the development of Nkandla Town, Shoprite, Sasol garage has been opened and Engine garage is under construction.

Nkandla municipality is still a grant dependent municipality and therefore has limited financial resources to meet all the basic service delivery needs. In this light, spending on all non-service delivery activities has been minimized. Community of Nkandla has been poor since I was afforded an opportunity to be part of it. Some and the majority of our community members go to bed without having anything in their stomach. This happens on daily basis.

Our land and weather in Nkandla is conducive for agriculture and we have injected an amount of R 3 150 000 for the upliftment of local economic development. We have supported Cooperative, fenced the land for farming and grazing land, procured two (2) tractors to assist our community in agricultural projects.

Our Municipality is in business of making sure that our communities have access to uninterrupted services at all times, number of complaints have been made by ratepayers regarding the continued outages in town caused by aged infrastructure and the Municipality is in the process of overhauling the whole cables and transformers around town. The municipality has dealt decisively with the illegal connections and other irregularities relating to electricity usage.

It is indisputable that one cannot be satisfied with the number of projects presented looking at what is expected from the municipality to deliver, the number of projects is largely based on the sources of income and the revenue is still a concern that we are working on.

I thank you

## 2. FOREWORD FROM THE MUNICIPAL MANAGER

We have laid a solid foundation upon which, we shall build this Municipality as we present this Annual report of the Municipality as mandated by the Section 121 of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that: Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this chapter. The council of the municipality must within nine months after the end of a financial year compile an annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.

Our performance is in line with the dictates of the Constitutional, Legal and Policy Mandates that underpin the function of the local government.

All our hands must be on deck.

We have reached the proverbial crossroad as a Nation. This is evident in our propensity to advocate for short term solutions at the expense of the future sustainability. We must be able to strike a fine balance between short term deliverables and ensuring that our Municipality is on par with sustainable development targets for the benefit of future generations.

We will spend the next financial year working very closely with business and civil society to produce the kind of Nkandla that our people are yearning for. We must align our goals with the expectations and the desires of our people.

Since agriculture is a sector with complex and diverse dichotomies and needs special attention, we will reignite the Agricultural Forum with special emphasis on issues of common interest. We will be also working with Department of Agricultural through ADA to revive Intingwe estate.

### STRENGTHENING INTERNATIONAL PARTNERSHIP

We have built a strengthen our relationship with India and American embassy. This is as part of our strategic aim to facilitate international engagement to forge technical and economic cooperation.

### FUTURE STRATEGIES

We have develops a turn around strategy and the key area on the strategy was to capacitate the office off risk and compliance to make sure that we have all the key control that will assist the municipality to comply with relevant legislations that will lead us to obtain clean audit without compromising service delivery.

We have also established the unit of business support to make sure that the municipality become a revenue base municipality.

### 3. ASSESSMENT OF ANY ARREAS ON MUNICIPAL TAXES AND SERVICE CHARGES BY THE MUNICIPAL MANAGER

The high levels of unemployment in the municipality's jurisdiction have impacted negatively on our ability to collect outstanding debt. Consequently, an increased number of indigents characterize the municipality revenue base. As a result long outstanding debtors have been significantly been impaired.

Therefore, this is reflected in the small equitable share allocation because the formula put significant weight on the population size. In light of the above the municipality is still exploring ways of funding indigents as the equitable share is not enough.

The aging municipal electricity infrastructure is also impacting negatively on revenue collection as electricity is lost in transmission, illegal connections and incomplete billings attributed to the old infrastructure.

The electricity supply in the Municipality is being supplied by the Municipality and Eskom.

Our municipal accounts consist of mainly electricity supply, rates, refuse removal and other revenue. Water supply and sanitation is the function of the District Municipality.

To illustrate our point in the slow collection rate our Municipality finds itself, see the billing sample of a month of June;

**Table 1: Billing and Actual Collections as at 30 June 2019**

Refuse collection billing as at 30 June 2019	
Billing	983 554.03
Collection	207 867.40
Net-effect	775 686.63
Overall	21%

Rates collection billing as 30 June 2019	
Billing	24 145 810.07
Collection	22 053 268.66
Net- effect	2 092 541.41
Overall	91%

Conventional electricity billing as at the 30 June 2019	
Billing	11 471 646.86
Collection	10 909 631.06
Net – effect	562 015.80
Overall	95%

Receivables/Debtors	
Electricity	2 658 243.35
Property Rates	5 913 488.83
Refuse Removal	15 989 106.96
Sundry Debtors	8 266 246.10
Total debt	32 827 085.24

In a bid to alleviate the debt situation, the municipality has embarked on job creation initiatives, particularly EPWP and CWP. These initiatives are expected to create job opportunities and the spin off effects will result in the lowering of outstanding debt as income sources are created for the impoverished communities. The municipality has also tightened debt collection measures to improve debt recovery. The municipality has upgraded its infrastructure and is planning to the reintroduction of electricity disconnection for residents owing for any municipal services. Therefore, the Municipality expects these measures to improve debt collection going forward

In conclusion I would like to extend my gratitude to the committed and dedicated officials and Councillors of Nkandla who strive every day to ensure that today is better than yesterday and tomorrow looks much better than today.

## 4. MUNICIPAL OVERVIEW

### 4.1 Municipal Council

Nkandla Municipality has 14 large wards and its council is made of 27 seats. There were two political parties in the council; Inkatha Freedom Party and African National Congress. Councillors were serving in different council portfolios. The schedule of Councillors of Nkandla Local Municipality is as follows:

NAME & SURNAME	WARD	CREDENTIALS
Cllr .T.P Mncube	01	Ward council
Cllr .Z.M Mbeje	02	Ward council
Cllr.B.B Dlomo	03	Ward council and EXCO Member
Cllr. T.F Nxumalo	04	Ward council
Cllr. P.R Dlamini	05	Ward council
Cllr. AT. Ntuli	06	Ward council and Mayor
Cllr.N.S Khumalo	07	Ward council
Cllr.T. B Mbuyisa	08	Ward council
Cllr. L. M. B Msimang	09	Ward council
Cllr.P.J Buthelezi	10	Ward council
Cllr.T.Ntombela	11	Ward council
Cllr. B.Z Mncadi-Mpanza	11	EXCO Member
Cllr.A.S Sikhakhane	12	Ward council
Cllr. V.S Lushozi	13	Ward council
Cllr B.S Mbambo	14	Ward council
Cllr. N.F.J Nzuza	06	Deputy Mayor
Cllr. S.O Sibiya	02	Speaker
Cllr. N.P.N Magubane	10	Chairperson of MPAC
Cllr. N.P Mahaye	01	PR
Cllr. N.R Xulu	11	PR and EXCO Member
Cllr. M.B.E Ntombela	03	PR
Cllr. F.K Magubane	06	PR
Cllr. D.B Mpungose	05	PR
Cllr. J.B Ntuli	06	PR
Cllr. B.B Ndimma	09	PR
Cllr. N.P Zulu	11	PR
Cllr.N.W Gasa	10	PR

### 4.2 EXECUTIVE COMMITTEE

1. Cllr. A.T Ntuli– Mayor
2. Cllr. N.F.J Nzuza - Deputy Mayor
3. Cllr. S.O Sibiya Speaker
4. Cllr. B.B Dlomo- EXCO Member
5. Cllr. N.R Xulu – EXCO Member
6. Cllr B.Z Mncadi- Mpanza - EXCO Member

### 4.3 COUNCIL PORTFOLIO COMMITTEES

1. Budget and Treasury Portfolio Committee
2. Technical Service Portfolio Committee
3. Corporate Service Portfolio Committee
4. Community Service Portfolio Committee
5. Municipal Public Accounts Committee (MPAC)



## 5. VISION, MISSION AND OBJECTIVES

### 5.1 VISION

To be a high performing rural Municipality driven by continuous improvement of quality of lives for Nkandla citizens

### 5.2 MISSION

Nkandla Municipality renders effective service delivery encompassing nature and heritage to ensure poverty alleviation, sustainable economic growth and development self-help and self-reliance

### 5.3 STRATEGIC OUTCOMES

NATIONAL KEY PERFORMANCE AREA	STRATEGIC OBJECTIVES
A. Good governance, community participation, and ward committee systems	<ol style="list-style-type: none"><li>1. Attain effective and efficient municipal administration</li><li>2. Enhance community participation in governance</li><li>3. Decrease municipal risks through risk management</li><li>4. To ensure efficient and effective internal and external communication</li><li>5. Advance and maintain the financial viability of the municipality</li><li>6. To ensure effective and efficient planning, implementation and maintenance of municipal infrastructure</li></ol>
B. Municipal Transformation and institutional development	<ol style="list-style-type: none"><li>1. To improve service delivery and the image of the municipality</li><li>2. Strengthen and improve employment equity in the municipality</li><li>3. Attain effective and efficient municipal administration</li><li>4. Organizational skills development and capacity building</li></ol>
C. Local economic development and social development	<ol style="list-style-type: none"><li>1. To improve the quality of life through social infrastructure development</li><li>2. To create a conducive environment for socio -economic growth</li><li>3. To promote a safe and healthy environment for the Nkandla community</li></ol>
D. Infrastructure development and basic service delivery	<ol style="list-style-type: none"><li>1. To improve quality of life through social infrastructure development</li><li>2. To promote safe and healthy environment for the Nkandla Community</li></ol>
E. Financial Viability and management	<ol style="list-style-type: none"><li>1. Advance and maintain the financial viability of the municipality</li><li>2. Improve the financial performance of the municipality</li><li>3. Optimize budget implementation in the municipality</li><li>4. To improve institutional efficiency through adequate systems and effective internal controls</li></ol>
F. Cross cutting measures	<ol style="list-style-type: none"><li>1.To promote a safe and healthy environment for Nkandla community</li></ol>

## 6. POWERS, FUNCTIONS AND DUTIES

In terms of section 84 of the Local Government: Municipal Structures Act No. 117 of 1998, the Nkandla Municipality has the following powers and functions:

- Integrated Development Planning
- Solid waste disposal
- Regulation of passenger transport services
- The establishment, conduct and control of fresh produce markets and abattoirs
- The establishment, conduct and control of cemeteries
- Promotion of local tourism for the area
- The imposition and collection of taxes, levies and duties as related to the above functions
- Municipal roads
- Municipal public works relating to any of the above functions

## 7. WHO ARE WE?

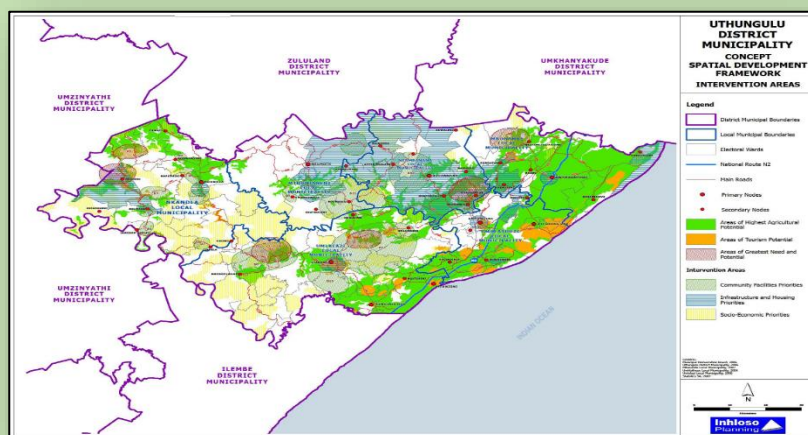


Figure: Nkandla Map

The municipality is in western area of King Cetshwayo District (KZ286). It is situated close to the country's two largest ports, lying about 130 kilometres inland from Richards Bay and 250 km north of Durban. Nkandla Town is classified as a Rural Service Centre (RSC) and a Provincial Rural Administrative Centre (PRAC), is the only formalized urban area located within Nkandla situated approximately 50 kilometres south-west of Mthonjaneni and 65 kilometres from Eshowe. It is isolated from the major economic development corridors: access is via a main tar road from Mthonjaneni, and tar road from Eshowe, Kranskop and Nqutu.

The Municipality (KZ 286) consists of a vast rural area when compared to other Municipalities in the District but and low percentage of Economic Activity in the area.

Table 1 below is a table briefly summarizes the demographic profile for the Municipality as per the Statistics South Africa (Stats SA) 2011 census. Additional information in this regard will be highlighted under the Analysis Phase of the document

Table 1: Basic Facts

BASIC FACTS	FIGURES	
	2001	2011
Total Number of Population	32 277	34 442
Total Number of Households	6189	6252
Age Profile		
0 - 9	23%	24%
10 - 19	22%	22%
20 - 29	19%	17%
30 - 39	12%	12%
40 - 49	10%	8%
50+	14%	14%

Source: Stats SA 2011 Census

Table 2: Population by gender

Age Group	Male	Female	Grand Total
0 - 9	4262	4059	8321
10 - 19	4062	3682	7744
20 - 29	3160	2880	6040
30 - 39	2274	2077	4351
40 - 49	1375	1574	2949
50+	2354	2682	5036
<b>Grand Total</b>	<b>17486</b>	<b>16956</b>	<b>34442</b>

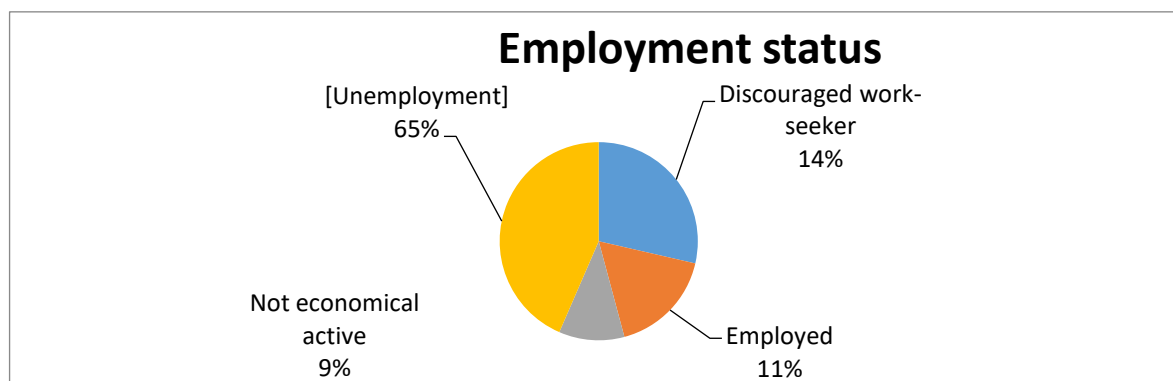
Source: Stats SA 2011 Census

Table3: Nkandla Population by racial group

Table 3 : Nkandla Population Black African	113923
Coloured	114
Indian or Asian	103
White	167
Other	108
<b>Total</b>	<b>114416</b>

Source: Stats SA 2011 Census

Table 4: Unemployment



Source: Stats SA 2011 Census

Employment has grown by 1.9% from 2001 to 2011. The growth is not significant enough to put a dent in the high rate of poverty experienced by the community. The municipality has embarked on the Community Work Programme and the Extended Public Works Programme to try and offset the high levels of unemployment and poverty. To date 208 of jobs have created using the two programmes

**Table 5: Income Analysis**

No income	2470
R 1 - R 4800	1292
R 4801 - R 9600	2430
R 9601 - R 19 600	5679
R 19 601 - R 38 200	6021
R 38 201 - R 76 400	2344
R 76 401 - R 153 800	1246
R 153 801 - R 307 600	601
R 307 601 - R 614 400	282
R 614 001 - R 1 228 800	38
R 1 228 801 - R 2 457 600	27
R 2 457 601 or more	30

**Table 6: Employment Status**

	Employed	Unemployed	Discouraged work-seeker	Other not economically active	Total
	6907	5398	8907	40115	61327
<b>Working age population</b>			61327		

According to the Stats SA census, over 99% of the population earns less than R1600. This puts a strain on the municipal resources because almost the entire population falls within the indigent bracket. Although people have jobs, the lack skills prevent them from getting decent wages or salaries.

## 8. Traditional Authorities

The municipality has eighteen (18) traditional authorities, namely:

**Table 7: Traditional Authorities**

TRADITIONAL AUTHORITY	INKOSI	WARDS
Chwezi TA	Nkosi Sibisi	1
Kwa- Zondi TA	Nkosi Zondi	2 and 3
Khabela TA	Nkosi Dlomo	2 and 3
Chunu TA	Nkosi Mchunu	2 and 3
Mpungose TA	Nkosi Mpungose	1 ,5 and 6
Ekukhanyeni TA	Nkosi Khanyile	4
Kwa -Xulu TA	Nkosi Xulu	10 and 8
Godide TA	Nkosi Ntuli	8,12 and 13
Mahlayizeni TA	Inkosi Biyela	5 and 6
Chube TA	Nkosi Shezi	11,13 and 14
Nxamalala TA	Nkosi Zuma	14
Ezindlozi TA	Nkosi Khanyile	7,11 and 14
Mangidini TA	Nkosi Biyela	7

Magwaza TA	Nkosi Magwaza	13 and 14
Izigqoza TA	Nkosi Zulu	12
Amaphuthu TA	Nkosi Mbhele	10
Ngono TA	Nkosi Ntuli	9
Qhudeneni Trust farm	Mdluli (Umholi)	8

There is a fairly good working relationship between the Municipality and Amakhosi as they are involved in the development of their areas of jurisdiction. Amakhosi are represented at the in Council affairs. Section 81 of the Local Government: Municipal Structures Act was used as a guide in formalizing the process.

- a) Inkosi Mbele
- b) Inkosi Nxamalala
- c) Inkosi Mpungose
- d) Inkosi Biyela
- e) Inkosi Magwaza

## 9. KEY CHALLENGES

KEY PERFORMANCE AREA	CHALLENGES
<b>Institutional Transformation</b>	<ul style="list-style-type: none"> <li>• Gazetting of the By-laws</li> <li>• Lack of upgrade on IT</li> </ul>
<b>Infrastructure and Basic Services</b>	<ul style="list-style-type: none"> <li>• Backlog on electricity connections</li> <li>• Poor access to infrastructure and services</li> </ul>
<b>Social and Economic Development</b>	<ul style="list-style-type: none"> <li>• High levels of unemployment</li> <li>• High levels of poverty</li> <li>• High level of Natural disaster occurrences</li> </ul>
<b>Good Governance and Democracy</b>	<ul style="list-style-type: none"> <li>• Vastness of most wards prevents Councillors from reaching all their constituency</li> </ul>
<b>Financial Viability</b>	<ul style="list-style-type: none"> <li>• Lack of revenue</li> <li>• Reliance on grants</li> </ul>
<b>Spatial and Environmental Management</b>	<ul style="list-style-type: none"> <li>• Invasion on Municipality land</li> </ul>

## 10. SUCCESSES

The Municipality has successfully rendered services to the community of Nkandla in terms of municipal development, the success can be summarized as follows:

- The Municipality is conducting Public participation meeting on Monthly basis and has developed credible IDP approved by council on annual basis.
- Successfully implemented the Community Public Works Programme which created 208 number of jobs each year.
- 95% households have been electrified in Nkandla.
- Number of indigents receiving free basic service-329 on refuse and rates and 1443 on electricity.
- The road rehabilitation projects to improve accessibility in previously inaccessible areas.
- The Municipality has provided drivers licence to 350 youth and currently the Municipality is planning to provide FET skills like security, motor mechanic, plumbing and welding
- The Municipality has provided Municipal registration Bursaries to 700 students
- The Municipal has provided India bursaries to more than 20 students and created a good relationship with American embassy.
- Functional ward committees that meet on quarterly basis

## 1. INTRODUCTION

In order to promote accountability to the local community for the decisions made throughout the year by the municipality as per Section 121 (2)(c) of the Municipal Finance management Act read in conjunction with the Section 18(1)(d) of the Municipal Systems Act, the Municipality has to ensure that the relevant governance structures exist and are functional. Both the political and administrative structures of Municipality need to be fully capacitated in terms of numbers and of skills. In drafting this Annual Report, the intention is not only to comply with relevant legislation but to promote accountability for the decisions that Council undertook in the financial year 2018/19. Critical to appropriate decision making are mandatory committees that each Council should establish to ensure that the nine characteristics of good governance are adhered to namely: Participation, Rule of Law, Transparency, Responsiveness, Consensus Oriented, Equity & Inclusiveness; Effectiveness and efficiency, Accountability as well as Sustainability. The focus of this Chapter is on Governance Structures, Intergovernmental Relations, Public Accountability & Participation as well as Corporate Governance.

## 2. GOVERNANCE STRUCTURES

### 2.1 Political Governance

As indicated above there are twenty seven Councillors that constitute Nkandla Local Municipal Council, The Municipality is a plenary system with ward committees.

There are four portfolio committees appointed by Council. These committees are aligning to the functions of various departments of the Municipality;

- |  |   |                              |
|--|---|------------------------------|
| • Budget & Treasury Portfolio Committee  | : | Chief Financial Officer      |
| • Corporate Services Portfolio Committee | : | Director: Corporate Services |
| • Technical Portfolio Committee          | : | Director: Technical Services |
| • Community Services Portfolio Committee | : | Director Community Services  |

There are other forums and committees that are operational in the Municipality and those committees and forums are the following;

- Local Labour Forum (LLF)
- Integrated Development Plan Representative Forum (IDPRF)
- Municipal Public Accounts Committee (MPAC)
- Audit committee (AC)
- Operation Sukuma sakhe(LTT)

## 2. ADMINISTRATIVE STRUCTURES

The Organisational Structure was reviewed and adopted by Council at the beginning of the financial year. A revised selection, recruitment and appointment policy that seeks to address the imbalances in the employment profile of the Municipality has been adopted by Council. There are one hundred and twenty employees in the Municipality. Council approved five departments in the Municipality the departments are as follows:

- Office of the Municipal Manager
- Corporate Services
- Technical Services
- Budget and Treasury Office
- Community Services

### DEPARTMENTAL FUNCTIONS

Department	Functions
<b>OFFICE OF THE MUNICIPAL MANAGER</b>	The Department is responsible for Municipal Management, billboards and display of advertisements in public places; Communications, Municipal strategic Planning, compliances, Risk assessment, Internal Auditing and Performance Management, Municipal Finance Management and child care facilities.
<b>CORPORATE SERVICES</b>	<b>Administration:</b> The department is responsible for municipal administration; security and cleaning services; human resource management; Labour relations, legal services; information technology and council support services.
<b>BUDGET AND TREASURY OFFICE.</b>	<b>Income:</b> The department is responsible for Revenue Management; debt management and internal controls. <b>Expenditure:</b> is also responsible for expenditure management; materials; insurance; internal controls and properties management. <b>Supply Chain management:</b> Acquisition, insurance, procurement and contract management
<b>TECHNICAL SERVICES</b>	<b>Electricity:</b> The department is responsible for electricity and street lighting. <b>Civil services:</b> The department is responsible for municipal public works; storm water management; cemeteries; funeral parlors, cleansing; planning and land use management and, municipal roads. <b>Refuse removal:</b> Responsible for air pollution, <b>Burial of animals</b> , town cleaning, solid waste management, refuse removal and management of landfill site. <b>Facilities:</b> Local sports facilities, market stall, municipal parks and recreation.
<b>COMMUNITY SERVICES</b>	<b>Community Services:</b> The department is responsible for building regulations, local tourism, and promotion of local economic development and facilitation of libraries <b>Protection and disaster Services:</b> it is also responsible for firefighting services; noise pollution; public places; street trading; traffic and parking; disaster management; control of public nuisances; municipal public transport; public safety and municipal policing.



### 3. STAFF COMPONENT

The Municipality had a compliment of hundred twenty staff members inclusive of five Section 57 staff members as well as five financial intern staff members included in this statistics.

#### Staff component

Department	No of staff
Office of the Municipal Manager	12
Budget and Treasury Office	25
Corporate Services	19
Community service	34
Technical Services	30
<b>Total</b>	<b>120</b>

#### Senior Management:

All Senior Managers are responsible for portfolio committees in their departments.

Directorate	Responsible	Committee
Municipal Manager	L.S Jili	Council and Oversight Committee
Chief Financial Officer	S. Ntombela	Budget and Treasury Committee and Budget Committee.
Director Corporate Services	N. P Xulu	Corporate Services Committee.
Director Technical Services	N.M Mnyandu	Technical Services Committee.
Director Community Service	N Shangase	Community Service Committee

#### Employment Equity Development

The Municipality had developed and approved the employment equity plan in June 2018 and this plan is being reviewed from time to time. There has been no major improvement in this regard. (See the table below)

Employment Equity Implementation	Designation Group	Non-Designated Group	Women	Total
Senior Management	5	0	1	5
Middle Management	12	0	3	12

One hundred percent of the total top management is made up of the designated group while non-designated group is zero percent. The middle management is one hundred percent designated group. Seventy five percent of the professional staff is made up of the designated group and twenty five percent is the women. This is a slight change from the previous year which is in the right direction. See the table below to illustrate figures:

#### Ethnic groups employed by the municipality

Occupational level	Male				Female				
	A	C	I	W	A	C	I	W	TOTAL
Senior	4	Nil	Nil	Nil	1	Nil	Nil	Nil	5
Middle	09	Nil	Nil	Nil	3	Nil	Nil	Nil	12
Other Staff	55	NIL	Nil	Nil	49	Nil	Nil	Nil	104
Total Staff	68	NIL	Nil	Nil	52	Nil	Nil	Nil	120

## 4. INTERGOVERNMENTAL RELATIONS

To ensure co-operative governance and to implement wall to wall development, this municipality participated in the following IGR Forum meetings that sat at District Level, wherein matters that were cross-boundary were discussed and relevant sector departments invited to give inputs on other technical matters:

- The Mayors Forum
- The Municipal Manager's Forum
- The Planning Forum
- The Infra-structure Development Forum
- The LED Forum
- The Co-operate Services Forum
- Financial Management Forum
- Performance management advisory committee

The Municipality also participates in other structures as the Forum of Municipalities and Members of the Executive Councils, the Speaker's Forum in Legislature and the Premier's Monitoring & Evaluation Committee. Participation in these committees ensures that planning is undertaken in line with National, Provincial & District Priorities and key strategic documents.

## 5. CORPORATE GOVERNANCE

### 5.1 Risk Management

In the year 2018/19 the top five risks as per the risk register are:

1. Inadequate processes to manage and coordinate operations continuity in the event of a disaster.
2. Inability to effectively and efficiently provide fire, emergency and rescue services. (e.g. Wildfire and storms)
3. Poor safeguarding of municipal assets.
4. Illegal occupation of Municipal land
5. Inadequate controls for health and safety

#### IN TRYING TO MITIGATE THESE RISKS, THE FOLLOWING ACTIONS WERE UNDERTAKEN:

1. The Business Continuity Plan will be updated to address all the key risk areas associated with 'business continuity risk'.
2. Disaster management strategy has been developed and started to install lightning conductors to prone areas.
3. The security at the exit gate has been improved (Checking of movement of asset in and out).
4. The Municipality has transferred ERF 5000 land to Municipal Name, Developed bylaws and Provided trading permits
5. Health and safety officer have been appointed.

### 5.2 Anti-fraud &Corruption Strategy

This Anti-Fraud and Corruption Strategy and Fraud Prevention Plan is being implemented. The plan complements the National Anti-Corruption Strategy of the country and supplements both the Public Service Anti-Corruption Strategy and the Local Government Anti-Corruption Strategy.

In addition, the Policy provides guidelines as to how to respond should instances of fraud and corruption be identified.

### A. ACTIONS CONSTITUTING FRAUD AND CORRUPTION

Fraud and corruption manifests itself in a number of ways and varying of intensity these include, but not limited to:

- unauthorised private use of municipal assets, including vehicles;
- falsifying travel and subsistence claims;
- conspiring unfairly with others to obtain a tender;
- disclosing proprietary information relating to a tender to outside parties;
- accepting inappropriate gifts from suppliers;
- employing family members or close friends;
- operating a private business in working hours;
- stealing equipment or supplies from work;
- accepting bribes or favours to process requests;
- accepting bribes or favours for turning a blind eye to a service provider who does not provide an appropriate service;
- submitting or processing false invoices from contractors or other service providers;
- misappropriating fees received from customers, and avoiding detection by not issuing receipts to those customers;
- misappropriation of Municipal funds;
- falsifying accounting records or documents
- falsifying consumer debtors accounts or amending such accounts without authority;
- Theft.

#### **B. STATEMENT OF ATTITUDE TO FRAUD**

Fraud represents a significant potential risk to the Municipality's assets and reputation.

The Municipality is committed to protecting its funds and other assets, It is in this policy of the Municipality that fraud, corruption, maladministration or any other dishonest activities of a similar nature will not be tolerated. Such activities will be investigated, where required, and actions instituted against those found responsible. Such actions may include the laying of criminal charges, civil and administrative actions and the institution of recoveries where applicable. This draft Policy includes prevention, detection, response and investigative strategies.

#### **5.3 Supply Chain Management**

Council has a Supply Chain Management Policy which covers all procurement processes and the various committees that have to be maintained to make sure that there is fairness and transparency in supply chain. The following bid committees are in existence with members as follows:

##### **ADJUDICATION COMMITTEE MEMBERS:**

Mr. S Ntombela	(Chairperson)
Mr. N.M Mnyandu	Member
Mrs L Shangase	Member
Mrs. N.P Xulu	Member

##### **B. SPECIFICATION COMMITTEE MEMBERS:**

Ms. N.C Ngema	Chairperson
Mr. M Shezi	Member
Ms. L. Mthombeni	Member

##### **C. EVALUATION COMMITTEE MEMBERS:**

Ms N .C Ngema	Chairperson
Mr. N. Sikhakhane	Member
Ms. L.S Buthelezi	Member
Mr. J.M Sibiya	Member and secretaries

#### **5.4 Public Satisfaction with Municipal Services**

Although no customer satisfaction survey was undertaken to determine the level of satisfaction with Municipal Services, there is a suggestion box that was provided at the rates to enable the community to comment on issues of service and service delivery. Also during the public participation meetings a record is taken on matters that require urgent attention. Key matters that were raised included:

- Rehabilitation of Road Infra-structure and storm water drainage system;
- Electricity outages
- New access roads;
- Adequate Billing.

All the raised matters then became the basis of the Performance Score-card for the following financial year within the respective Key Performance Areas.

## 5.5 Municipal Oversight Committees

### A. The Audit Committee

Nkandla Local Municipality has an Audit Committee as prescribed Section (166) of the Municipal Finance Management Act 56 of 2003. The Audit Committee serves the purpose of being an independent advisory body to the Council, the Political Office Bearers and the Accounting Officer thereby assisting Council in its oversight role.

#### Membership of the Audit Committee appointed in 2017-2020

There are three (3) members of the Audit Committee and one member resigned, namely:-

NAME	POSITION	CONTACT NUMBERS	EMAIL
Mr. B.E.M Khuzwayo	Chairperson	0608782896	mzikayisek@gmail.com
Dr T.I Nzimakwe	Member	082 959 263 5	nzimakwet@gmail.com
Ms G.S Skosana	Member	0608497977	bongikamusikamhlanga@gmail.com

The Committee sat 6 times during the financial year and the report is attached to this report on the observations of the Audit Committee.

**For the purpose of assurance the municipality has out sourced the assurance providers who are the Internal Auditors.**

The outsourced internal Auditors from the year 2017 to 2020 is UMNOTHO BUSINESS CONSULTING

### B. Municipal Public Accounts Committee (MPAC)

#### Functions and terms of reference of the committee

The main purpose of the MPAC is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality. This will include oversight over municipal entities. In order for the MPAC to fulfil this oversight role, it needs to be provided with the necessary information and documentation to interrogate the actions of the executive.

**Members of MPAC are:**

Cllr N.P.N Magubane	Chairperson	IFP
Cllr L.MB Msimango	Member	IFP
Cllr B B Ndim	Member	ANC
Cllr T B Ntombela	Member	IFP
Cllr N.P Mahaye	Member	IFP

All political parties within Council are represented in the MPAC. 6 meetings were held and an overall oversight report is attached to this report as an annexure.

## CHAPTER 3: SERVICE DELIVERY AND ANNUAL PERFORMANCE REPORT

### 1. INTRODUCTION

The fourth quarter performance report for 2018/2019 Municipality financial year for the period starting from 01 April 2019 to 30 June 2019 including an assessment results emanating from the targets set on the 2018/2019 Integrated Development Plan (IDP), 2018/2019 reviewed Service Delivery Budget and Implementation plan (SDBIP). The municipal has been measured and evaluated based on the following six key performance areas:

- Institutional development, capacity and transformation,
- Financial management and viability,
- Socio economic development,
- Infrastructural Development, and
- Democracy and good governance.
- Cross cutting issues

### 2. Background

Section 41 (1) (a) of the Municipal Systems Act 32 of 2000 states that:

- a) The Municipality must set appropriate key performance indicator as a yardstick for measuring performance including outcomes and impact, regarding the Municipality development priorities and objectives set out in its Integrated Development Plan.
- b) Takes steps to improve performance with regards to those development priorities and objectives where performance target is not met. A comparison of the performance with the targets set and performance for the last previous financial year.
- c) Report to council, other Political structures, Municipality staff and public. Section 45(1) the results of the performance must be measured and audited as part of Municipality Internal Auditing Processes and annually by the Auditor general.

### 3. Performance Management Processes and Compliances

The Municipality has considered the above legislations to determine the level of compliance to the prescripts indicated and sighted the following

#### 3.1 Organizational Performance Management

- The targets that were set on the Municipal IDP and SDBIP has been taken into consideration, weighted and evaluated
- The key performance areas that were used are in accordance with the legislation and six National KPA has taken into consideration during mid-year review as per (organizational Performance Management starter pack Model September 2004) and National treasury circular no 13.
- Section 42 refers to Community involvement in PMS; this has been taken place through ward committees and advertisement on Municipal website.
- Steps to be taken to the targets not met are always taken into consideration and the action plan as a monitoring tool has been developed to monitor the implementation of those targets.

### 3.2 Individual Performance Management

- The Individual performance will be conducted by the assessment panel in August 2019 before finalizing Annual performance report.

## 4. PERFORMANCE REPORTING PROCESS

The municipal performance and individual performance is monitored and reports are submitted on regular bases.

- The individual and organizational monthly operational reports are submitted to MANCO within 1 week after the end of each calendar month.
- Quarterly Departmental and organizational performance reports are submitted for evaluation and verification to MANCO, Internal Auditors, MPAC and Audit Committee and submitted to council for approval.
- This report includes highlights from the key performance measures included in the IDP 2018/2019. These priority measures constitute the Municipal Scorecard for 2018/2019
- At the end of the **fourth quarter, 97%** of priority performance measures have met. Areas for improvement are attached on a target not met action plan and Accountable officers have provided commentary to put performance into context and identified actions that they are taking to address performance.
- Performance Monitoring underpins the Municipality's IDP in terms of reviewing progress regularly in achieving our priorities and delivering value for money. Early investigation of variances enables remedial action to be taken where appropriate.

## 5. GOOD GOVERNANCE AND PUBLIC PARTICIPATION

- The monitoring of ward committee has been done and submitted to the department of COGTA where 12 wards were functional, and 2 wards were not functional dues to non-submission of their community meeting evidence as the required to every ward.

### 5.1 A community consultation and participation

- A community consultation and participation have taken place during the review of 2019/2020 IDP which has been approved by council on the 27 June 2019.

### 5.2 COMMUNICATIONS

The municipality has advertised all the Municipal activities on Ilanga, Isolezwe and Ibayede newspaper to make sure that the community of Nkandla is kept posted with information.

His worship the Mayor of Nkandla Municipality has been live at Igagasi FM during the Month of June 2019 reporting about the visits of historic sites around Nkandla, this was done by Nkandla Municipality as part of celebrating the heritage months.

### **5.3 YOUTH PROGRAMS**

The Municipality has successfully organized Uvukile gospel festival, Nkandla May, workshop with American embassy and taken about 5 students to India.

### **SUCSESSES**

The Municipality has successfully rendered services to the community of Nkandla in terms of municipal development, the success can be summarized as follows:

- The Municipality is able to conduct Public participation meeting on Monthly basis and has developed credible IDP approved by council on annual basis.
- Successfully implemented the Community Public Works Programme which created a number of -jobs
- The number of households electrified
- Number of indigents receiving free basic service
- The road rehabilitation projects to improve accessibility in previously inaccessible areas.
- The Municipality has provided drivers licence to 350 youth and currently the Municipality is planning to provide FET skills like security, motor mechanic, plumbing and welding
- The Municipality has provided Municipal registration Bursaries to 700 students
- The Municipal has provided India busaries to more than 20 students and created a good relationship with American embassy.
- Functional ward committees that meet on quarterly basis

The overall score for the KPA is 93 % for 2018/2019 fourth quarter

## **6. INSTITUTIONAL DEVELOPMENT**

### **6.1 Governance**

In order to promote accountability to the local community for the decisions made throughout the year by the municipality as per Section 121 (2)(c) of the Municipal Finance management Act read in conjunction with the Section 18(1)(d) of the Municipal Systems Act, the department has to ensure that the relevant governance structures exist and are functional.

**6.1.1 EXECUTIVE COMMITTEE MEMBERS:**

NO	NAME	POSITION	POLITICAL PARTY	NUMBER OF PORTFOLIO MEETINGS	NUMBER MEETINGS ATTENDED
1.	Cllr A.T Ntuli	Mayor/Chairperson	IFP	12	12
2.	Cllr N.F.J Nzuza	Deputy Mayor/ Member	IFP	12	12
3.	Cllr S.O Sibiya	Speaker	IFP	12	12
4	BB Dlomo	Member	IFP	12	12
5	Cllr B.Z Mncadi Mpanza	Member	ANC	12	6
6	Cllr N.R Xulu	Member	ANC	12	4

**6.1.2 CORPORATE SERVICES PORFOLIO COMMITTEE MEMBERS:**

NO	NAME	POSITION	POLITICAL PARTY	NUMBER OF PORTFOLIO MEETINGS	NUMBER MEETINGS ATTENDED
1	BB Dlomo	Chairperson	IFP	12	9
2	PJ Buthelezi	Member	IFP	12	9
3	NP Zulu	Member	ANC	12	7
4	TP Mncube	Member	IFP	12	5
5	ZM Mbeje	Member	IFP	12	3
6	BB Ndim	Member	ANC	12	9

**6.1.3 BUDGET & TREASURY PORFOLIO COMMITTEE MEMBERS:**

NO	NAME	POSITION	NUMBER OF PORTFOLIO MEETINGS	NUMBER MEETINGS ATTENDED
1	Cllr AT Ntuli	Mayor/Chairperson	12	12
2	Cllr TF Nxumalo	Member	12	12
3	Cllr NP Zulu	Member	12	0
4	Cllr TB Ntombela	Member	12	12
5	Cllr BS Mbambo	Member	12	0
6	Cllr NP Mahaye	Member	12	12



**6.1.4 TECHNICAL SERVICE PORFOLIO COMMITTEE MEMBERS:**

NO.	NAME AND SURNAME	DESIGNATION	NO. OF PORTFOLIO MEETING	NUMBER OF MEETINGS ATTENDED
1	CLLR BB DLOMO	CHAIRPERSON	12	7
2	CLLR LMB MSIMANG	MEMBER	12	6
3	CLLR AS SIKHAKHANE	MEMBER	12	6
4	CLLR NP MAHAYE	MEMBER	12	7
5	CLLR PR DLAMINI	MEMBER	12	4
6	CLLR MBE NTOMBELA	MEMBER	12	4

**6.1.5 COMMUNITY PORFOLIO COMMITTEE MEMBERS:**

NO.	NAME AND SURNAME	DESIGNATION	NO. OF PORTFOLIO MEETING	NO. MEETINGS ATTENDED
1	DEPUTY MAYOR,CLLR NFJ NZUZA	CHAIRPERSON	12	12
2	CLLR NP MAHAYE	MEMBER	12	12
3	CLLR ZM MBEJE	MEMBER	12	7
4	CLLR TB MBUYISA	MEMBER	12	10
5	CLLR JB NTULI	MEMBER	12	7
6	CLLR DB MPUNGOSE	MEMBER	12	7
7	CLLR NW GASA	MEMBER	12	10

**6.1.6 MUNICIPAL PUBLIC ACCOUNTS COMMITTEE MEMBERS (MPAC):**

NO.	NAME AND SURNAME	DESIGNATION	NO. OF PORTFOLIO MEETING	NO. MEETINGS ATTENDED
1	CLlr NPN Magubane	CHAIRPERSON	6	6
2	CLlr LMB Msimango	MEMBER	6	6
3	CLlr TP Mncube	MEMBER	6	6
4	CLlr TF Nxumalo	MEMBER	6	6
5	CLlr BZ Mncadi Mpanza	MEMBER	6	0
6	CLlr NW Gasas	MEMBER	6	0

**6.1.7 OTHER COMMITTEES WITHIN DEPARTMENT – LOCAL LABOUR FORUM (LLF)**  
**ADMINISTRATIVE STRUCTURES**

NO	NAME	POSITION	NUMBER OF PLANNED MEETINGS.	NUMBER MEETINGS ATTENDED
1	Cllr PJ Buthelezi	Employer Rep	4	1
2	Cllr LM Msimango	Employer Rep	4	1
3	Mr NM Mnyandu	Employer Rep	4	1
4	Mr SBS Sibisi	Employer Rep	4	1
5	Mrs NP Xulu	Employer Rep	4	1
6	Mr NG Ndlela	Chairperson	4	1
7	Mr Z Ntombela	Union Rep	4	1
8	Mr CSM Cele	Union Rep	4	1

## 6.2 ADMINISTRATION STRUCTURES

All Senior Management positions are filled. The Organisational Structure has been reviewed and adopted by Council annually during the draft budget

### Section 54 and 56 Management

Directorate	Responsible	Committee
Municipal Manager	L.S Jili	Council and Oversight Committee
Chief Financial Officer	S. Ntombela	Budget and Treasury Committee and Budget Committee.
Director Corporate Services	N. P Xulu	Corporate Services Committee.
Director Technical Services	N.M Mnyandu	Technical Services Committee.
Director Community Service	N.M Shangase	Community Service Committee

## 6.3 THE AUDIT COMMITTEE

Nkandla Local Municipality has an Audit Committee as prescribed Section (166) of the Municipal Finance Management Act 56 of 2003. The Audit Committee serves the purpose of being an independent advisory body to the Council, the Political Office Bearers and the Accounting Officer thereby assisting Council in its oversight role.

### Membership of the Audit Committee appointed in 2017-2020

There are three (3) members of the Audit Committee:

NAME	POSITION	CONTACT NUMBERS	EMAIL
Mr. B.E.M Khuzwayo	Chairperson	0608782896	mzikayisek@gmail.com
Dr T.I Nzimakwe	Member	082 959 263 5	nzimakwet@gmail.com
Ms G.S Skosana	Member	0608497977	bongikamusikamhlanga@gmail.com

The Committee has sat five times during the year.

The outsourced internal Auditors from the year 2017 to 2020 is UMNOTHO BUSINESS CONSULTING

#### **6.4 RISK MANAGEMENT**

The risk assessment for the year 2018/2019 has been conducted and the risk register has been developed together with the risk-based audit plan.

##### **THE TOP FIVE RISKS AS PER THE RISK REGISTER WERE IDENTIFIED AS FOLLOWS:**

1. Inadequate processes to manage and coordinate operations continuity in the event of a disaster.
2. Inability to effectively and efficiently provide fire, emergency and rescue services. (e.g. Wild fire and storms)
3. Poor safeguarding of municipal assets
4. Illegal occupation of Municipal land
5. Inadequate controls for health and safety

##### **IN TRYING TO MITIGATE THESE RISKS, THE FOLLOWING ACTIONS WERE UNDERTAKEN:**

1. Update the existing Business Continuity Plan such that it addresses all the key risk areas associated with 'business continuity risk'.
2. The Municipality has begin to Develop disaster management strategy and Installation of lightning conductors in the prone arears
3. The Municipality has Improve security at the exit gate (Checking of movement of asset in and out)
4. The Municipality has transferred ERF 500 to Municipal Name
5. Health and safety officer was appointed.

#### **6.5 ANTI-FRAUD & CORRUPTION STRATEGY**

This Anti-Fraud and Corruption Strategy and Fraud Prevention Plan is being implemented. The plan complements the National Anti-Corruption Strategy of the country and supplements both the Public Service Anti-Corruption Strategy and the Local Government Anti-Corruption Strategy.

In addition, the Policy provides guidelines as to how to respond should instances of fraud and corruption be identified.

##### **C. STATEMENT OF ATTITUDE TO FRAUD**

Fraud represents a significant potential risk to the Municipality's assets and reputation.

The Municipality is committed to protecting its funds and other assets, It is in this policy of the Municipality that fraud, corruption, maladministration or any other dishonest activities of a similar nature will not be tolerated. Such activities will be investigated, where required, and actions instituted against those found responsible. Such actions may include the laying of criminal charges, civil and administrative actions and the institution of recoveries where applicable.

This Policy includes prevention, detection, response and investigative strategies.

#### **6.6 APPOINTMENTS FOR 2018/2019**

Quarter 1

NO	POSITION/INCUMBENT	DEPARTMENT
1	Chief Financial Officer	Budget& Treasury
2	Director Technical	Technical Services Dept
3	Finance Intern	Budget & Treasury
4	Director Corporate Services	Corporate Services
5	Planning officer	Technical service
6	PR Clerk	Office of the MM
7	Expenditure Officer (Payroll)	Budget and treasury

8	Traffic Officer	Community service
9	HR Clerk Temporary	Corporate service
10	Income officer	Budget and treasury
11	Budget intern	Budget and treasury
12	General worker	Technical service
13	Income officer	Budget and treasury
14	Budget intern	Budget and treasury
15	SCM Officer	Budget and treasury
16	Artisan Electrical	Budget and treasury
17	Budget intern	Budget and treasury
18	Budget intern	Budget and treasury
19	Director Community Services	Community service

#### 6.7 LABOUR MATTERS AND LITIGATIONS FOR 2018/2019:

POSITIONS	NATURE OF SUSPENSIONS
General Worker	Gross Dishonesty
Facility Manager	Intoxication of Duty
Technical Support officer	Intoxication of Duty

#### 6.8 ADOPTED POLICIES

No	POLICIES	STATUS (DRAFT/ADOPTED)	ADOPTION DATE
	Leave Policy	Adopted	12 December 2019
	Car Allowance Policy	Adopted	10 May 2019
	Cellphone Policy	Adopted	27 June 2019
	Recruitment and Selection Policy	Adopted	12 December 2019
	Acting Allowance Policy	Adopted	08 May 2019
	Cellular, Data and Telephone Policy	Adopted	27 June 2019
	Overtime Policy	Adopted	26 June 2019
	Draft Bereavement Policy	Draft	12 December 2018
	Health and Safety Policy	Adopted	12 December 2019
	Filing & Records Management Policy		
	Fleet Management Policy	Adopted	26 June 2019
	Draft Information Security Policy	Adopted	26 June 2019
	IT Governance and Framework	Adopted	
	User Access Management Policy	Adopted	28 June 2016
	Back-up Policy	Adopted	26 June 2019
	Patch Management Policy	Adopted	28 June 2016
	User Account and Password Management Policy	Adopted	26 June 2019

	Draft review of Email and Internet Policy	Adopted	26 June 2019
	Disaster Recovery Policy	Adopted	28 June 2016
	Physical Access and Computer Room Environment Policy	Adopted	28 June 2016
	ITC Change Management Policy and Procedure	Adopted	26 June 2019
	ITC Third Party Management Policy	Adopted	28 June 2016
	Firewall Management Policy	Adopted	30 May 2016
	Risk Management Policy	Adopted	
	Draft review of Business continuity management policy	Adopted	27 June 2017
	Fraud Prevention and Corruption Strategy	Adopted	23 January 2015
	Performance Management Framework	Adopted	26 June 2019
	Communication Strategy	Adopted	24 April 2019
	Ward Committee Functionality Policy	Adopted	24 April 2019
	Bad Debts Write off & Provision of Bad Debts Policy	Adopted	31 May 2017
	Cash Management & Investment Policy	Adopted	31 May 2017
	Cellular Phone Policy	Adopted	31 May 2017
	Credit Control & Dept Collection Policy	Adopted	31 May 2017
	Customer Care & Billing Management Policy	Adopted	31 May 2017
	Draft S&T Policy	Adopted	31 May 2017
	Electricity Distribution Losses Policy	Adopted	31 May 2017
	Funding and Reserves Policy	Adopted	31 May 2017
	Indigent Support Policy	Adopted	31 May 2017
	Levying of Property Rates Policy	Adopted	31 May 2017
	Nkandla Municipality SCM Policy	Adopted	31 May 2017
	Petty Cash Policy	Adopted	31 May 2017
	Property Rates Bylaws	Adopted	31 May 2017
	Tariff Policy	Adopted	31 May 2017
	Virement Policy	Adopted	31 May 2017
	Fixed Asset Management Policy	Adopted	31 May 2017
	Fixed Asset Maintenance Policy	Adopted	31 May 2017
	Spatial Planning and Land use Management Bylaw	Gazetted	23 February 2017
	Maintenance and Management Policy	Adopted	31 March 2017

The overall score for the KPA is 92% for 2018/2019 fourth quarter

## 6. CAPITAL PROJECTS AND PROGRESS ON ELECTRIFICATION

### 7.1 PROGRESS REPORT ON INEP

PROJECT NAME	Budget	Start Date	Progress To Date%
Vimbimbono Electrification	R8 500 000.00	2013/10/25	60%
Masolosolo Electrification	R1,610,000.00	2016/07/04	98%
Dlolwane Electrification	R1,817,000.00	2015/07/04	98%
Makhanyezi Electrification	R2,093,000.00	2015/04/13	95%
Ezijibeni Electrification	R1,978,000.00	2015/11/05	100%
Ntshiza Electrification	R2,750,000.00	2016/02/08	60%
Sixhokolo/Mpondo Electrification	R1,633,000.00	2015/11/05	100%
Nhloshane Electrification	R8,000,000.00	2015/04/13	40%
Vutshini/Malunga/Mndunduzeli/Quthu Electrification	R7,619,000.00	2016/08/15	40%

### 7.2 CONSTRUCTION OF CAPITAL PROJECTS AND PROGRESS AS AT 30 JUNE 2019

#### NHLABABO COMMUNITY HALL

The project is complete and the total cost is **R3 928 54,84**



### **AMAZONDI CSC**

The project is complete at the total cost of R3 333 333,33



### **KHABELA CSC**

The project is complete at the total amount of R3 333 333,33





### **MABHUQWINI CSC**

The project is complete and the total cost is R2 000 000,00



### **MTSHWILI CSC**

The project is complete and the total cost is R4 043 613,79



### **CHWEZI CSC**

The project has been completed and the total cost of the project is R3 333 333,33





### **NHLOSHANE CSC**

The project is complete and the total cost of the projects is R3 943 913,90



### **ZUNGENI HALL**

The project is complete and the total cost of the project is R3 993 845,90





### 7.3 FACILITIES MANAGEMENT

All facilities outside the boundary of Nkandla Town are encountering a few challenges; we have engaged our Electrical Department for assistance and or advice. For example, in Thalaneni CSC, the Committee suggested that the second meter be installed in the hall, this was to enable the committee to monitor the electricity usage when the hall is being hired, our Electrical unit have advised that we will need to engage Eskom on issues pertaining installation of second meters and for electrical applications. However, electrical unit have committed itself in doing assessment first.

### 7.4 RENTALS AND BOOKINGS

#### REVENUE GENERATION ON RENTALS (SMME Park Phase 1 & 2 and Business Park)

July	R58, 119-00
August	R46, 297-35
September	R25, 880-00
October	R130, 430.72
November	R54, 540.72
December	R61, 101-79
January	R59, 097.66
February	R108, 837.60
March	R52, 463.68
April	R0.00
May	R0.00
June	R0.00
<b>Total</b>	<b>R411, 797-08</b>

### Bookings: Sports Ground, Indoor Sports Centre, Multi-Purpose Hall and Recreational Parks

Month	Amount
July	R4, 642.00
August	R2, 750.00
September	R6, 534.00
October	R3, 131-00
November	R4,730-00
December	R4,686-00
January	R946-00
February	R946-00
March	R3, 784-00
April	R12, 706-00
May	R946-00
June	R5, 654-00
Total	<b>R55, 195-00</b>

### 7.4 WASTE MANAGEMENT

There are 4 recycling trucks, 1 skip truck and 1 compact truck and 1 tractor to remove waste in town, nodal areas and residential areas. Waste removal is done 7 days a week in town and every Friday in resident's areas. Waste removal done on Wednesday at Mahlayizeni, Esibhuden, Ophindweni, Lindela, Thuma CSC, Dolwane rank, Jameson drift rank, Mhlanga stores, Ekombe hospital, Ekombe police station, Ekombe rank, Qhuden Rank and KwaBaladala old age and On Thursday waste removal is done at Fort Louis, Chwezi and Thala CSC. There are three teams that work under waste transportation, they remove waste from 7h30-18h00 Monday to Friday, 07h30-16h30 on Saturday and 07h30-13h00 on Sunday.

### WASTE CAMPAIGNS

The campaign was done at Khanyile cottages in this quarter with EPWP employee, Youth Co-Ordinator and permanent staff. They clean and educate in the residents about waste management.





## RECYCLING PROGRAMME.

One recycler in town, two co-operatives in land fill site, one at Ntingwe, one at Dolwane, one at Thalaneni , one at Mjahweni and one at Chwezi. They use MPACT to sell their recyclables (papers and plastics), collect a can to sell cans and Consol to sell bottle.

### 7.5 LANDFILL SITE

We have licensed landfill site, operational plan and operation certificate from SAWIC. There are two workers from EPWP working there to register trucks, control wind-blow, control trucks, monitor recyclers to separate all recyclables, monitor TLB and clean offices. The recyclers work in the site Monday to Sunday where the truck for waste removal is available. The TLB works on site Monday to Friday. The weighbridge in the landfill site is not working.

The overall score for the KPA is 100% for 2018/2019 fourth quarter

## 7. FINANCIAL MANAGEMENT AND VIABILITY

### 8.1 Supply Chain Management

The Council of Nkandla Municipality adopted an amended SCM Policy on the **29 May 2018**. SCM Regulation 3(a) states that the accounting officer of a municipality must 3(a) promptly prepare and submit a draft supply chain policy complying with SCM regulations to the council of the municipality for adoption and reg 3(b) at least annually review the implementation of the policy, he/she may submit proposals for the amendment of this Policy to the council, and such amendments must comply with the legislative requirements. National Treasury issued Circular 62 and Circular 69 which municipalities must comply with. The practice note and the circulars issued, prompted that the SCM Policy be reviewed and amended accordingly to align it with the legislative requirements. The review of SCM policy for 2018/2019 was submitted to the council on the **29<sup>th</sup> of May 2018** with the Final Budget and other budget related policies. National Treasury has introduced the new policy on model SCM policy for infrastructure Procurement and Delivery Management. The management had prepared the draft SCM policy for Infrastructure Procurement and Delivery Management policy that was submitted to the Council on **29<sup>th</sup> of May 2018** for adoption.

#### 8.1.2 Supplier Database

There is a supplier database in place. Prospective suppliers are allowed to submit the forms any time, however the received forms are processed monthly on review of the database. The process of cleaning the supplier database started in the beginning of the current financial year and is ongoing progress.

The National Treasury through MFMA Circular No.81 has introduce the Web Based Central Supplier Database (CSD) for registration of prospective suppliers to assist in performing validation functions of key supplier information. The advert that invites the prospective service providers to register and update their in information in the municipal database was placed in the ilanga newspaper and municipal website on the 7th of June 2018.

#### 8.1.3 Publication of Tender Results

Section 75(1) (f) of the Municipal Finance Management Act states that *“The Accounting Officer of a municipality must place on the website all supply chain management contracts above a prescribed value”*.

The National Treasury has since prescribed the value as above R100 000.00 to be placed on the website. Attached as **Annexure** is the tenders and quotations awarded for the quarter under review.

### **Contract Management**

The Contract Register is updated each and every month and the report is being sent the Provincial Treasury after two months as per treasury requirement. The Contract Management Practitioner is responsible for updating the contract register and filing of all contract with the assisted of the Finance Intern under the supervision of the Manager: SCM.

## **8.2 REVENUE MANAGEMENT**

With the aim of collecting and enhancing revenue, Nkandla Local Municipality has established a fully fleshed and functional unit that assists in collecting monies that are owed to the municipality. The segregation of duties within the unit will assist in ensuring that customer service is kept as a priority notwithstanding the proper channels of reporting. With that goal in mind, the unit has been structured in such a way that it produces the best service to the customers. The Revenue Manager, who is at the middle level of management, is playing an oversight role in the unit. The revenue Accountant is responsible for supervising the cashier and reports directly to the Revenue Manager. The service-related issues are attended to by the revenue officer who then reports to the accountant.

With the aim of improving the service, the municipality has two cashiers, whereby one is a relief cashier who also deals with electricity meter readings for billing purposes in the case of conventional electricity. The two interns in the unit assists with all revenue related reconciliations and some fundamental reports that are really crucial for revenue administration.

### **8.2.1 Annual Financial Statements**

The municipality has appointed service provider to assist with the preparation of Annual Financial Statements over a period of three years. The municipality does not currently have a capacity to perform the duties internally, however there is a skills transfer plan in place to ensure that the skill is transferred to the staff internally over this period of three years. The service provider is currently busy onsite with the preparation of Annual Financial Statements for the 2018/19 financial year. A schedule with key deadlines dates was submitted to the Municipality for review. It is expected that the deadline date for submission of 30th August 2019 will be met.

### **8.2.2 2019/2020 Final Budget**

Final budget was adopted by Council on the 29th May 2018 and submitted to Treasury within the legislated timeframe of 10 working days. The budget was submitted to Treasury on the 12th of June 2019. We are still waiting for the KZN Provincial Treasury feedback on the assessment of the final budget.

### **8.2.3 COST CONTAINMENT**

The municipality has developed a cost containment measures plan to address the challenges emanating from cash flow. This is also complemented by the adoption of Circular 82 which lists other areas where we can save funds. Incorrect requisitions are being rejected and sent back to issuer to correct them. The requisitions are now reviewed for accuracy by relevant HOD before are submitted to the budget and reporting section.

### 8.3 ASSET MANAGEMENT

Asset management section has the following main responsibilities:

- Assets are safely guarded, secured and properly stored.
- Assets are regularly repaired and maintained to ensure continuous operations
- Assets are properly accounted for in accordance with appropriate reporting framework.
- Maintenance of GRAP Compliant fixed asset register
- Quarterly physical verification of all assets

#### 8.3.1 GRAP compliant fixed asset register

Municipality has appointed a service provider to assist the asset management section in carrying out its responsibility for the maintenance of GRAP Compliant Fixed Asset Register over a period of three years. The appointment of the service provider emanates from AGSA Audit Findings in the previous financial year which the municipality does not have a capacity to resolve. There is a skill transfer plan in place to ensure that this skill is transferred to the municipality over the period of three years. The service provider works with the team within the municipality for the effective skills transfer.

### 8.4 STATEMENTS OF CAPITAL AND OPERATING EXPENDITURE

The following table provides a summary of the municipality's performance on the Operational budget as at 30 June 2019:

#### 8.4.1 Operating Revenue

##### *Property rates*

There is a smaller cumulative variance on property rates at the end of June 2019 of 1% above what was expected as per the budget. The variance is due to billing of property rates on government properties which are billed once in July therefore causing large variance. The variance reduces on a monthly basis and will even out at the end of the year.

##### *Service charges – electricity revenue*

There is a positive variance on service charges – electricity of -4% at the end of June 2019. Service charges- electricity revenue is expected to increase now on a monthly basis as we are in winter season.

##### *Service charges – refuse revenue*

There is variance of 16% between the revenue on refuse removal billed and budgeted revenue at the end of June 2019, the variance is however positive, due to amount billed being greater than the budgeted figures. The increase in revenue in this category is due to new households that have applied and been approved for collection of refuse from their premises.

##### *Rental of facilities and equipment*

Revenue from rental of facilities and equipment at the end of June 2019 is exceed the full year budget amount. There is positive variance of 46%. Through its revenue enhancement strategy, municipality has identified some properties which were previously not let for rental purposes. These properties available for were either

#### ***Investment income***

##### **(a) External investments**

Interest on investment is above the budgeted year to date interest by 5%, the municipality is currently investing cash available to attract highest interest rate.

##### **(b) Long outstanding debtors**

Interest revenue on consumers is showing a positive -2%, is due to consumers honouring their debts in due time resulting in a decrease in outstanding interest.

#### ***Fines, Penalties and Forfeits***

There is a large variance of negative -80% on fines, penalties and forfeits at the end of June 2019 compared to what was expected as per the budget. The revenue on fines, penalties and forfeits is mainly derived from traffic fines. The traffic department is currently not fully operational, and this therefore impacts negatively on the revenue expected. It is expected that the revenue will improve in the future.

#### ***Licences and permits***

The revenue from licences and permits is mainly derived from licences issued to businesses licences, taxi permits, and learners and drivers licences issued. Since the traffic department has started to operate, there has been a marginal increase of 896% in this category of revenue. It is expected that the percentage will continue to increase throughout the year.

#### ***Transfers recognised***

The transfers recognised relate to grants revenue, this revenue comprises of conditional and unconditional grant like equitable share. Equitable share is the largest of all grants and is unconditional; therefore, as it is received it is immediately recognised as revenue irrespective of how much is spent. This therefore results in a positive variance of 12% at the beginning of the financial year and is expected to even out over the year.

#### ***Other revenue***

There is a positive variance on other revenue of 770% at the end of June 2019 compared to what was expected as per the budget. The municipality has begun to implement its revenue enhancement strategy where new other sources of revenue have been identified e.g. hire of tractors. The municipality has also received significant revenue from sale of tender documents after advertising of capital projects. This therefore has resulted in increased revenue.

There is a slight variance on employee related costs compared to what was expected as per the budget. Therefore, the expenditure appears to be in-line with the budget and the existing controls will be monitored to ensure adherence to them and that the consistence is maintained between budget and actual.

#### ***Remuneration of councilors***

There is an insignificant variance of 0% on remuneration of councillors compared to what was expected as per the budget. Therefore, the expenditure appears to be in-line with the budget and the existing controls will be monitored to ensure adherence to them and that the consistence is maintained between budget and actual.

#### ***Debt impairment***

The variance is due to debt impairment not recognised for the month and year to date. The municipality is still in the process of analysing its debtors and the variance is expected to decrease in the future as the expenditure is recognised.

### ***Depreciation and asset impairment***

There is variance of 19% on depreciation compared to what was expected as per the budget. Therefore, the expenditure appears to be in-line with the budget and the existing controls will be monitored to ensure adherence to them and that the consistence is maintained between budget and actual.

### ***Bulk purchases***

There is a variance of 1% for Bulk purchases above budget at the end of June 2019. The variance is due to new shops like Shoprite Checkers that has become operational and the Nkandla TVET College which is now fully operational. The increase of electricity consumption also impacts on the charge tariff which increases the expenditure for the month.

### ***Other Materials - Repairs and maintenance***

There is a variance of -62% on repairs and maintenance it is due to repairs on buildings which has already started by not yet fully completed in line with the year to date budget. The variance is expected to decrease as expenditure is incurred.

### ***Contracted Services***

There is a variance of -17% on contracted services above budget at the end of June 2019 is due to repetitive increase on fuel prices and other expenditure. The municipality has established the contract management unit to monitor the performance of contracted services.

### ***Transfer and grant***

There is a slight variance on transfers and grants of -28%

### ***Other expenditure***

There is an insignificant variance of -34% on other expenditure compared to what was expected as per the budget. The existing controls will be monitored to ensure adherence to them, and that the consistence is maintained between budget and actual.

### **Preliminary Key Financial indicators as at 30 June 2019**

<b><u>Financial</u></b>		<b>Human Resources</b>	
Overall deficit for the month	R (6 901 000)	Salary bill for Councillors	R 782 000.00
		Salary bill for employees	R 3 947 000.00
<b><u>Overall operating results</u></b>	<b>R' 000</b>	Total staff complement	124
Income	R2 478 000.00	Staff resignations	01
Expenditure	<u>R (9 379 000.00)</u>	Staff Appointment	01
<b>Surplus/ Deficit</b>	<b>R (6 901 000)</b>	<b><u>Capital Expenditure:</u></b>	
<b><i>Annual Operating Budget</i></b>		<b><i>Municipal Infrastructure Grant</i></b>	
Total operating budget	R139,386,000.00	MIG Budget for the year	R34 945 000.00
Total operating this month	R 143 241 000	MIG received this month	R 00.00
Total operating expenditure period	R 166 749 000	MIG received for period	R 34 945 000.00
Total operating expenditure budget		MIG Expenditure for the month	R 3 053 485.00
		MIG Expenditure for the period	R 29 719 702.00



for period	R 149 214 000	MIG Budget for the period	R 21 083 333.00
% overall spent to date	90.10%	Total expenditure / Total budget %	93.76%
% period	89.21%	Period expenditure / Period budget %	44%
<b>Repairs and maintenance</b>		Money received not spend	R 2 171 812.74
Repairs budget	R 8 500 000.00	Remaining budget	
Repairs expenditure this month	R 393 000.00	<b>Integrated National Electrification Programme Grant</b>	
Repairs expenditure period	R 2 840 000.00	INEP Budget for the year	R18 000 000.0
Repairs budget for period	R 7 401 000.00	INEP received this month	R 0. 00
% overall spent to date	45.89%	INEP received for period	R18 000 000.00
% period	62 %	INEP Expenditure for the month	R 5 849 775
<b>Free Basic Services</b>		INEP Expenditure for the period	R 18 000 000.00
Equitable Share Allocation	R 0.00	INEP Budget for the period	R18 000 000.00
Approved Budget		Total expenditure / Total budget %	100.01%
R1,500,000.00		Period expenditure / Period budget %	100%
FBE expenditure month	R 89 000	Money received not spend	R0
FBE expenditure for period	R 1 085 000	Remaining budget	
FBE budget for period	R 1		
250 000.00		<b>Other Capital expenditure (Excluding MIG)</b>	
% period expenditure / equitable share allocation	R	Other capital budget for the year	R6 255 000.00
1 500 000		Other capital expenditure for month	R0.00
% overall spent to date	21%	Other capital expenditure for period	R 607 000
% period		% actual / budget	9.7%
83.33%		<b>Capital Budget Implementation</b>	
<b>Expenditure Management</b>		Total capital budget for the year	R56 200 000.00
Operating expenditure month	R 9 379	Capital expenditure for month	R2 580 672.00
000.00		Capital expenditure for period	R41 546 095
Operating expenditure period	R 132 613	Capital budget for period	R 41 508 000
000.00		% overall expenditure	73.93 %
Irregular expenditure month	R 465 735.00	% actual / period	73.86%
Fruitless and wasteful expenditure month	R 11 551.00		
Unauthorised expenditure month	R		
2 301 535.00			
UIFW expenditure period	R 0.00		
% UIFW expenditure month	0.00%		
% UIFW expenditure period	0.00%		

## 8.5 REVENUE ENHANCEMENTS

In terms of the local government financial reforms as led by the introduction of the Municipal Financial Management Act (MFMA), Act 56 of 2003, introduced in 2004, the municipalities are expected to be financially sustainable in the foreseeable future. This suggests a scenario in which the equitable share is reduced and or is expected to be used

solely to provide for free basic services than for operational budget. This document does not respond to that possibility, which if implemented in the foreseeable future, could be catastrophic to Nkandla local Municipality. The document however seeks to enhance revenue with the assumptions that the Equitable Share and other government grants will continue to form part of the revenue and that they shall be used to enhance the Council's revenue. This document therefore preferred to look within the current financial funding and seeks to increase own revenue generation.

Revenue Management is prescribed in terms of Section 64 of the Municipal Finance Management Act (MFMA) to which municipalities must comply. A healthy cash flow is vital to ensure sustainable service delivery and infrastructure development and preservation. Therefore Nkandla Local Municipality has developed its Revenue Enhancement Strategy for future incorporation in its Integrated Development Plan to increase its revenue base and sustain its activities.

Revenue enhancement is a complex approach that involves identification of additional revenue sources, cutting off or eliminating unnecessary expenditure and improving efficiency. Furthermore, it entails broad improvements in municipal financial systems, e.g. effective revenue management, regular revenue collection, enforcing policies, budget execution and educating ratepayers about the significance of paying for services.

The municipality has a low revenue base with most of its land under tribal authorities. There was a constraint with regards to revenue collection as there was no buy-in to enforce credit control

## **8.6 AUDIT REPORT AND FINDINGS**

The Municipality have done its best in so far as it related to service delivery, the Municipality has received an unqualified audit opinion with other matters from the Auditor-General for five consecutive years however the municipality need to proceed and obtain clean audit.

## **8.7 IRREGULER EXPENDITURE**

The irregular expenditure which is a carryover of the previous years starting from 2013/2014 to 2016/2017 of the total amount of R76 003 249 has been investigated and written off by the council by 31 March 2019.

The current outstanding amount of R10.7 million of 2017/2018 is currently under investigation by MPAC to be finalised by 31 August 2019.

The overall score for the KPA is 100 % for 2018/2019 fourth quarter.

## 8. SOCIAL AND ECONOMIC DEVELOPMENT

THE FOLLOWING EVENTS WERE ORGANISED AND SUCCESSFULLY IMPLEMENTED BY THE MUNICIPALITY

### 1. Nkandla May Hose riding event

Nkandla May event is an annual Hose riding event .The event for 2018/2019 financial year took place on the 4<sup>th</sup> of May 2019. The purpose of this event is to promote hose riding as a sport and to generate the economy of Nkandla as a whole. The beneficiaries for the event are the taxi industries, informal traders, formal traders, hospitality sector, accommodation sector, garages etc. below is a list of informal traders who benefited during this event:





## 2. NKANDLA MAYORAL CUP

Nkandla Mayoral cup is organized with an aim of promoting all sporting codes in all wards.

The winners from wards were awarded with sports equipment and the eliminations started on the 28<sup>th</sup> of July 2018 with 13 teams both netball and soccer. The sport and recreation unit managed to eliminate from 13 teams to 4 teams which played on the 18<sup>th</sup> August 2018 (Finals). Female soccer was having 10 teams from different wards and managed to eliminate until 2 teams went to the final on the 18<sup>th</sup> August 2018.





### 3. GOLDERN GAMES

The Honourable Mayor Cllr AT Ntuli awarded certificates to the team that was representing KZN in golden games and passed the words of gratitude to the team.



#### 4. NKANDLA MAYORAL MARATHON





## 5. NKANDLA COOPERATIVE EXHIBITION (MFONGOSI AREA)

The exhibition was organized by the Municipality On the 26<sup>th</sup> of April 2019 at Mfongosi area. The exhibition included every cooperatives from Nkandla in all wards where they were showcasing their different work/ products that they make in their representative cooperatives. Below are the picture showing the exhibition:







## 6. OPERATION SIYAYA EMHLANGENI

Operation Siyaya emhlangeni is an annual event that seeks to prepare for the Umkhosi womhlanga which takes place every year in September at enyokeni royal palace in Kwanongoma Enyokeni. The event motivates the Virginity testing which is done simultaneously by local women in that area. The Matrons do the job voluntarily without getting any paid from the government. Most of the women doing the job are oNdlunkulu and matrons from all wards





## 7. MUNICIPAL EXCELLENCE AWARDS



## 8. NKANDLA TOURISTS ATTRACTION SITE VISIT

Nkandla offers exquisite natural beauty i.e. Beautiful Mountains, hills, indigenous forest with birding routes. Nkandla is a home of high-quality world tea, monuments, traditional crafts, history, customs and religion. Nkandla has so much to offer the guest in terms of historical, cultural and natural activities i.e. exiting adventures ( Mome gorge), and meet Nkandla crafters. Below are pictures showing some of the attractions found in Nkandla:





Above is the picture showing Honourable mayor Cllr A.T. Ntuli visiting Thaleni site of battle where there was a battle between Afrikaans and English people it stated in 1899 and ended in 1902. The graves for some of those who died during the war are found at thaleni.



This is a memorial commemorates General Ndlela Ntuli, King Dingane's commander in chief. Ndlela kaSompisi (died February 1840) was a key general to Zulu Kings Shaka and Dingane. He rose to prominence as a highly effective warrior under Shaka. Dingane appointed him as his inDuna, or chief advisor. The grave is found at godide area.







Above is the picture of Kwashushu hot springs and it's located in the middle of Tugela River, and it is one of the Natural attractions found within Nkandla.

## 9. REVENPING OF INKOSI USIGANANDA TOMBSTONE

The municipality had an agreement with the femality of Shezi to revamp the Tombstone of Inkosi UsiGananda Saphume Nkandla and put the sign board that will assist with the directions to tourist.



## FENCING OF KING SIGANANDAS GRAVE



SIGNAGE BOARD AT MJAHWENI



## 10. INDLAMU/INGOMA EVENT

Indlamu event was held on the 25<sup>th</sup> to the 26<sup>th</sup> of December 2018 at Mfongosi area in ward 09. The purpose of this indlamu event was to showcase our culture as the Zulus. Usually this event takes place at mfongosi every year in December. Below are the pictures of the event:





## KWAMTSHILI INDLAMU EVENT

Kwamtshwili indlamu event took place on the 26<sup>th</sup> of December 2018 at kwamtshwili area in ward 11. The purpose of this event was also to showcase our Zulu culture. Below are the pictures of Kwamtshwili event:



## 11. NKANDLA IDP (NXAMALALA POWERSTATION)

Nkandla municipality had an IDP roadshow on the 1<sup>st</sup> of May 2019. Apart from the IDP cooperatives materials were distributed to respective cooperatives. The beneficiaries were ward 7, ward 14 and ward 13. Below are pictures of the distribution of cooperative materials to cooperatives:



## 12. LIVESTOCK SALE AUCTION -INDALI

Nkandla livestock auction sale took place on the 16<sup>th</sup> of July 2018 at Emzini okhanyayo auction facilities, this auction is an inter departmental partnership between four stakeholders which were : Nkandla Local Municipality,



National Agricultural Marketing Council, King Cetshwayo District Municipality and Agriculture and Rural development , this auction had been one of the best auctions in terms of numbers of animals that were brought to site by farmers



### 13 NKANDLA MULTI DISCIPLINARY ROAD BLOCKS

- During the period of the year, eleven Multidisciplinary roadblocks were conducted.
- Eight Multi-disciplinary roadblocks were conducted at P90 White City.
- Three Multi-disciplinary roadblocks were conducted at P50/2 KwaMtshwili Area.
- The proof of the multidisciplinary roadblocks are as follows:





## NKANDLA LOCAL MUNICIPALITY ASSESSMENT OF THE PERFORMANCE OF EXTERNAL SERVICE PROVIDER OFFICE

### THE MUNICIPAL MANAGER

The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement. It is currently being done by user department levels. The end user department is providing monthly reports to the SCM unit as well. Service providers who fail to perform are reported to SCM and the necessary action is taken including the termination of the contract or cancellation of an order.

Assessment Key										
<b>Good (G)</b>		The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract								
<b>Satisfactory (S)</b>		The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract								
<b>Poor (P)</b>		The service has been provided below acceptable standards								
Bid Number	Name of external Service Provider	Date Contract Awarded	Date of expire ring of contract	Service provided in terms of the SLA	Value of project	ANNUAL		Assessment of Service Providers Performance		
						Target	Actual	G	S	P
NKA/OMM/001/2016/2017	Umnotho Business consulting	01/07/ 2017	30/06/2020	Yes	R4 620 000.00 for a period of three years	Quarterly internal audit report reports and risk assessment	100%	X		
NKA/OMM/003/2017/2018	Brand partners PTY LTD	12/12/2017	12/12/2020	Yes	R7 750 404.00	COMMUNICATION	100%	X		



# NKANDLA LOCAL MUNICIPALITY: ASSESSMENT OF THE PERFORMANCE OF EXTERNAL SERVICE PROVIDER – CORPORATE SERVICE

Assessment Key										
Good (G)	The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract									
Satisfactory (S)	The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract									
Poor (P)	The service has been provided below acceptable standards									
Bid Number	Name of external Service Provider	Date Contract Awarded	Date of expire ring of contract	Service provided in terms of the SLA	Value of project	ANNUAL		Assessment of Service Providers Performance		
						Target	Actual	G	S	P
NKA/COR001/2016/2017	RIS VEHICLE HIRE	15/02/2017	15/02/2020	yes	Current	Provision of municipal vehicles	100%	X		
NKA/COR003/2016/2017	RIS VEHICLE HIRE (Executive vehicles)	15/02/2017	15/02/2020	Yes	Current	Provision of executive vehicles	100%	X		
Non	Pay Day	01/04/2013	30/04/2013	Yes	current	PAYDAY SYSTEM SOFTWARE	100%	X		
NKA/COR005/2017/2018	Zenzelewena trading and projects	20/09/2017	20/09/2020	Yes	current	Provision of security services	100%	X		
NKA/COR003/2017/2018	Zenzelewena security services	25/09/2018	25/09/2021	yes	current	Provision of security services	100%	X		
NKA/COR003/2017/2018	Business connexion pty ltd	18/09/2017	18/09/2020	yes	current	Provision of internet services	100%	x		
NKA/COR001/2017/2018	Capital Office Automation	18/09/2017	18/09/2020	Yes	current	PRINTING SERVICE	100%	X		
NKA/COR004/2017/2018	TELKOM SOC Ltd	03/11/2017	03/11/2020	Yes	current	Cell phone	100%	X		

<i>NKA/COR002/2017/2018</i>	NASHUA ZULULAND	<i>25/09/2018</i>	<i>25/09/2021</i>	<i>yes</i>	<i>current</i>	<i>Cell phone system</i>	<i>100%</i>	<i>x</i>		
<i>NKA/COR006/2018/2019</i>	Izingwenti digital advisory and solutions	<i>09/10/2018</i>	<i>09/10/2021</i>	<i>yes</i>	<i>current</i>	<i>Provision of ICT governance services</i>	<i>100%</i>	<i>X</i>		
<i>NKA/COR005/2018/2019</i>	Khanya Africa networks cc	<i>09/10/2018</i>	<i>09/10/2021</i>	<i>yes</i>	<i>current</i>	<i>Provision of support services to the ICT system</i>	<i>100%</i>	<i>x</i>		
<i>NKA/COR006/2017/2018</i>	Khasa emergency medical services pty ltd	<i>19/07/2018</i>	<i>19/07/2021</i>	<i>yes</i>	<i>current</i>	<i>Provision of occupational medical services</i>	<i>100%</i>	<i>X</i>		
<i>NKA/COR006/2017/2018</i>	N.S Ntanzu attorneys	<i>19/07/2018</i>	<i>19/07/2021</i>	<i>yes</i>	<i>current</i>	<i>Panel of legal advisors</i>	<i>100%</i>	<i>x</i>		
<i>NKA/COR006/2017/2018</i>	SIYAYA Attorneys	<i>19/07/2018</i>	<i>19/07/2021</i>	<i>yes</i>	<i>current</i>	<i>Panel of legal advisors</i>	<i>100%</i>	<i>X</i>		
<i>NKA/COR006/2017/2018</i>	MKHIZE Attorneys	<i>19/07/2018</i>	<i>19/07/2021</i>	<i>yes</i>	<i>current</i>	<i>Panel of legal advisors</i>	<i>100%</i>	<i>x</i>		

## ASSESSMENT OF THE PERFORMANCE OF EXTERNAL SERVICE PROVIDER TECHNICAL SERVICE

Assessment Key										
Good (G)		The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract								
Satisfactory (S)		The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract								
Poor (P)		The service has been provided below acceptable standards								
Bid Number	Name of external Service Provider	Date Contract Awarded	Date of expire ring of contract	Service provided in terms of the SLA	Value of project	ANNUAL		Assessment of Service Providers Performance		
						Target	Actual	G	S	P
NKA/PMU/2017	Isaluleko Project Management	14/01/2014	30/11/2020	Project Management	R1, 158, 500.00	PMU Support	100%		x	
NKAMP/13-14/01	Isivivane	14/01/2014	30/11/2020	KwaNtshiza Access Road P2	R2, 227,500.00	PMU Support	100%	x		
NKAMP/13-14/01	Somkhanda Plant Hire	15/08/2015	30/06/2017		R311, 850.00	Project Management	0%	x		
NKAMC/DN/1516/05	Mafahleni Engineers	10/04/2018	10/10/2018	Nkethabaweli to Manzawayo phase 2	R 2, 411,242.50	Project management and construction	100%			X
NKAMP/13-14/01	Impumele Consulting Engineers	14/01/2014	30/11/2020	Nkomeziphansi Access Road P1	R2, 789, 117.71	Project Construction	100%	x		
NKAMC/DN/1516/04	Proz Consulting	14/01/2014	30/06/2017		R390, 476-48	Project Management	100%			X
NKA/MC/DN/1617/01	Mdu Shandu Construction	30/11/2016	31/03/2018	Nkomeziphansi Access Road P2	R2, 493, 328.20	Project Management	100%			X
NKA/MIG/2017/2020	Impumele Consulting Engineers	14/01/2014	30/11/2020		R506, 671.80	Project Construction	100%	x		
Non	Mdu Shandu Constructio n	14/07/2016	31/03/2018	Ediphini Access Road and Causeway	R3, 307, 500.00	PMU Support	100%	x		

Non	Ibhelenabangani	14/01/2014	30/11/2020		R463, 050.00	PMU Support	100%	x		
NKA/MIG/BN/1718/01	TPL Mkhize	30/11/2017	30/06/2018	Vumanhlamvu CSC Phase 2	R 3, 468,664.00	Project Construction	100%		x	
Non	Mafahleni Engineers	30/11/2017	30/11/2020		R485, 612.96	Project Management	100%	x		
Non	Thoko Consulting Engineers	14/01/2014	30/11/2020	Nhlababo Community Hall	R501,797.65	Project Management	100%			X
NKAMC/DN/1718/03	Mela Okuhle Trading Enterprise	20/11/2017	30/06/2018		R3, 584,268.96	Project Construction	100%	x		
NKA/MIG2/2017/2020	Izingalabezi Consulting engineers	30/11/2017	30/11/2020	Ezinduneni Gravel Access road		Project Management	100%		x	
NKA/MC/DN/17/18/02	Somkhanda Plant Hire	20/11/20173/	30/06/2018			Project Construction	100%	x		
NKA/MIG/2017/2020	Bi Infrastructure	27/01/2017	30/11/2020	Esakhile Access Roads	R6, 773, 808.63	Turn-Key	100%			X
Non	Bi Infrastructure	30/11/2017	30/11/2020	Vimbimbo Access Road	R 413 993.4	Project Management	100%	x		
NKAMC/DN/1718/04	Sure Boss Trading	24/05/2018	24/07/2018	Vimbimbo Access Road	R2 , 957,095.63	Project Construction	100%	x		
NKA/MIG/2/2017/2020	ECA Consulting Engineers	30/11/2017	30/11/2020	Nhloshana CSC	R 474 895.18	Project Management	100%	x		
NKAMC/DN/17/8/05	TPL Mkhize	04/04/2018	30/06/2018	Nhloshana CSC	R 3, 392,108.42	Project Construction	100%	x		
NKAREP/13-14/02	Igoda Projects	13/04/2015	30/04/2018	Masolosolo/Dolwane	R3, 427,000.00	Project construction	100%	x		
NKAEL/DN/1516/06	Goldrod Trading	04/01/2016	30/12/2016			Project Construction	100%	x		
Non	Hamsa	15/08/2012	15/08/2015	Vumanhlamvu Electrification	R23, 356, 684.42	Project Management	100%	x		
NKAREP/13-14/01	Omphile Electrical and Construction cc	08/08/2013	08/08/2014			Project Construction	100%	x		
NKAREP/13-14/02	HAMSA	13-04-15	08/08/2016	EzijiBeniElectrification	R1, 978, 000.00	Project Management	100%	x		
NKAEL/DN/1516/04	Veeze Micro Enterprise	05-11-15	30-06-16			Project Construction	100%	x		

NKAREP/13-14/02	HAMSA	13-04-15	13/04/2018	Makhanyezi Electrification	R2, 093, 000.00	Project Management	100%	x		
NKAEL/DN/1516/03	A One Elect cc t/a A1 Electrical	05-11-15	30-06-16			Project Construction	100%	x		
NKAREP/13-14/02	EMC	13-04-15	13/-4/2015	Ntshiza Electrification	R2, 750, 000.00	Project Management	100%			X
NKAEL/DN/1516/07	Goldrod Trading	08-02-16	08-02-19			Project Construction	100%			X
NKAREP/13-14/02	BTMN	05-11-15	05-11-18	Thaleni/Vimbimbobo Electrification	R12, 699, 000.00	Project Management & Construction	100%	x		
NKAREP/13-14/02	Sibgem Management	13-04-15	13/04/2018	Esixhokolo Electrification	R1, 633, 000.00	Project Management	100%	x		
NKAEL/DN/1516/01	Zakhele Electrical	05-11-15	30-06-16			Project Construction	100%	x		
Non	Sibgem	05-11-15	05-11-18	Nhloshana Electrification	R24, 000, 000.00	Turn-Key	100%	x		
NKAEL/DN/1516/08	Goldrod Trading cc	23-08-16	23-08-19	Mvutshini,Qothu,Mad lozi,Malunga and Sidashi	R18, 974, 541.97	Project Construction	100%	x		
Non	Worley Parsons Resources and Energy	15-08-12	15/08/2015		R2, 530, 435.88	Project Management		x		

### ASSESSMENT OF THE PERFORMANCE OF EXTERNAL SERVICE PROVIDER –BUDGET AND TREASURY

Assessment Key										
<b>Good (G)</b>		The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract								
<b>Satisfactory (S)</b>		The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract								
<b>Poor (P)</b>		The service has been provided below acceptable standards								
Bid Number	Name of external Service Provider	Date Contract Awarded	Date of expire ring of contract	Service provided in terms of the SLA	Value of project	ANNUAL		Assessment of Service Providers Performance		
						Target	Actual	G	S	P
NKA/FIN003/201/2015	CAMELSA CCG SYSTEMS	30/118/2016	30/11/2021	Yes	R 1 000 001	Provision of an integrated financial management accounting system	100%	X		
NKA/FIN007/2015/2016	NTSIDI and Associates	27/06/2017	27/06/20120	Yes	R 408 848	Recovery of Vat refunds	100%	X		

NKA/FIN007/2016/2017	NTSIDI and Associates	30/04/2019	30/04/2022	Yes	R3 580 300	Preparation of annual financial statements	100%.	X		
NKA/BT002/2018/2019	NTSHID AND ASSOCIATES	23/04/2019	22/04/2022	yes	R3 157 500	Preparation of fixed assets register	100%	X		
NKA/FIN003/2016/2017	FNB	03/07/2017	03/07/2020	Yes		Banking service	100%	X		
NKAMC/VR/2012/2013	BPG Mass Appraisal	30/09/2012	30/09/2018	Yes	R 1 589 099.00	valuation roll	100%	X		
Non	G4S	25/03/2014	24/03/2018	Yes	Dependant on the service rendered to the municipality.	Cash management	100%	X		
NKA/FIN005/2016/2017	CONLOG solution for utilities	09/06/2017	09/06/2020	Yes	R 756 000	Prepayment revenue management	100%	X		
NKA/Short-term no 2015/15	Indwe Risk Services	27/06/2017	26/06/2020	Yes	R671 304.00	Provide Insurance service	100%	X		
NKA/BTO001/2017/2018	METGOVIS PTY LTD	26/07/2018	26/07/2023		R1 400 000	Provision of evaluation roll	100%	x		
NKA/FIN002/2016/2017	CAB HOLDINGS	17/02/ 2017	17/02/2020		R259 200	Provision of printing	100%	x		
NKA/FIN003/2014/2015	CAMELSA CONSULTING GROUP PTY LTD	30/11/2016	30/11/2021		R1 000 001	Provision of an integrated financial management accounting	100%	x		
NKA/FIN003/2016/2017	FIRST NATIONAL BANK ;A DIVISION OF FIRST AND BANK LIMITED	30/07/2017	30/07/2020			Provision of banking services	100%	x		
NKA/Advert no 09/2015	Ayanda Mbanga Communication	22/01/2016	21/01/2019	Yes	Dependant on the service rendered to the municipality	Advertising Agency	100%	x		
NKA/FIN002/2016/2017	Travel with Flair	03/03/2017	02/02/2020	Yes	Dependant on the service rendered to the municipality	Travel Agency service	100%	X		

14. The overall score for the KPA is 100% for 2018/2019 per quarter

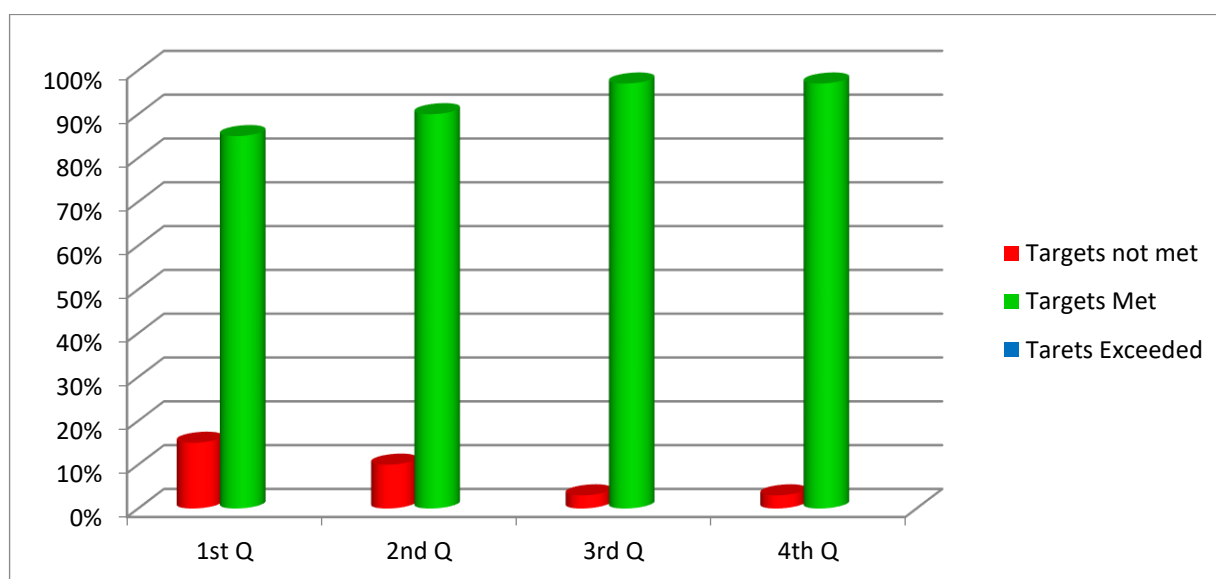
COMPARISON OF QUARTELY SCORES PER KPA

KPA	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Financial viability	100%	100%	100%	100%
Local economic development	60%	90%	100%	100%
Municipal transformation	92%	75%	94%	92%
Infrastructure development	90%	94%	100%	100%
Good governance	76%	94%	93%	93%
Cross cutting	80%	77%	100%	100%
<b>Total</b>	<b>85%</b>	<b>90%</b>	<b>97%</b>	<b>97%</b>

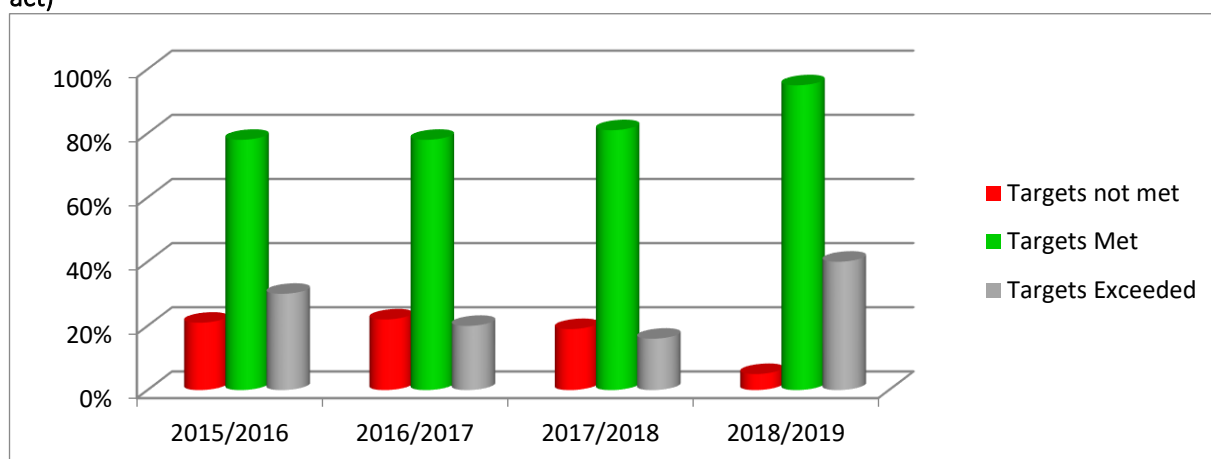
DEPARTMENT SCORES

DEPARTMENT	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Technical Services	95%	100%	100%	100 %
Corporate Services	67%	71%	93%	83 %
Executive Office	62%	89%	85%	100 %
OMM	100%	88%	100%	83%
Budget and treasury	100%	100%	100%	100%
Community Services	71%	76%	100%	100%
<b>Total</b>	<b>85%</b>	<b>90%</b>	<b>97%</b>	<b>97 %</b>

15. COMPARISON OF ALL QUARTERS WITHIN FINANCIAL YEAR (Section 46 Municipal systems act)



## 16. COMPARISON OF 2016/2017 FINANCIAL YEAR WITH 2018/2019 FINANCIAL YEAR (Section 46 Municipal systems act)



## 17. Background to municipal scorecard

- The Municipal Scorecard Annexure A approach reflects the 6 National KPA's and local priorities and enables a wider assessment of how the municipality is performing.
- The performance report is based on measures included within the Municipal Scorecard.
- The criteria used reflect factors such as previous performance levels, comparative performance and budget implications. These were agreed by Council on June 2018.

## 18. Lessons Learnt and Way Forward

The targets that were set and adopted by the council need to be achieved at all cost and reasons for variances and action to correct need to be provided as part public accountability. The projection in the budget need to be realistic as this affect the planned targets when there is an under collection and that results to targets not met. Revenue collection strategy need to be implemented vigorously.

## 19. Key Areas to Note

### Improving Performance

- Overall satisfaction with Municipality's services is stable.
- The issues raised by the auditor general in the year 2018/2019 has been resolved and the portfolio of evidence is available for audit.

## 20. SUMMARY OF 2017/18 TARGETS AND PERFORMANCE RESULTS

TOTAL TARGETS : 146

TOTAL TARGETS MET : 138= 95%

TOTAL TARGETS NOT MET : 8

## 21. CONCLUSION

The organization has achieved **95%** of the total Annual Performance score and it shows an improvement and much effort to improve the overall situation during this financial year as compared to previous report which was 81%



# NKANDLA MUNICIPALITY ANNUAL PERFORMANCE REPORT FOR 2018/19

IDP Alignm ent	National KPA	Strategic Objective	Strategy	Key Performance Indicator	Unit of measure	Demand	Baseline 2017/2018 Actuals	Backlogs	Vote Number			COMPARISON OF PERFORMANCE OF 2017/2018 AND 2018/2019 FINANCIAL YEAR					RESPONSIBLE DEPARTMENT	Ward	POE Required
										Annual Target	Total Annual Budget	2017/2018 FINANCIAL YEAR		2018/2019 FINANCIAL YEAR					
												ACTUAL	REASONS FOR VARIANCE	ACTUAL	REASONS FOR VARIANCE	CORRECTIVE MEASURES			
	Financial Viability and management	Improve the financial performance of the municipality	1.1 To ensure the proper financial management	Preparation and submission of Departmental procurement plan	Date	30-Aug	30-Aug-17	Non	N/A	Preparation and submission of departmental procurement plan by 31 July 2018	R 0.00	Preparation and submission of The departmental procurement plan was done	N/A	Preparation and submission of departmental procurement was conducted by	N/A	N/A	CORPORATE SERVICE	N/A	Copy of Procurement plan and Proof for the submission
Page 76 ref 10.6	Municipal Transformation and institutional development	To improve service delivery and the image of the municipality	Employment equity plan adopted and implemented	Preparation and submission of employment equity plan	Date	15-Jan-19	15-Jan-18	Non	3000/3040/0 507/EQSR/NO NE/WMUN	Approval of the Employment equity plan and submitted to the department of Labour by 15	R 0.00	The equity plan was submitted to council as a draft on the 25 January 2018 and final draft was approved in	N/A	Employment equity plan was submitted to the department of labour by 15 January 2019	N/A	N/A	CORPORATE SERVICE	N/A	Copy of employment equity plan and proof of submission.
Page 76 ref 10.6	Municipal Transformation and institutional development	To improve service delivery and the image of the municipality	To implement the Human Resources Development Strategy	% implementati on of the Human Resources Development Strategy	Percent	100%	0%	100%	3000/3040/0 507/EQSR/NO NE/WMUN	Review and Implementati on of Human Resources Development Strategy by 31 December 2018	R 0.00	Review of 2 HR policies. (Overtime policy ,stand by and sexual harrasment Policy) by 30 June 2018 not done	The policy not done because they require training in order to do standadised policies as per the local government.	Review Human Resources Development Strategy was not adopted and submitted to council by 30 December 2018	Human resource development strategy was not reviewed due to lack of capacity from senior management, support will be solicited	The target will be met in the first quarter of the next financial year 2019/2020	CORPORATE SERVICE	N/A	Copy of HR Strategy and Council resolution
Pg.77ref.10.8	Municipal Good governance	Attain effective and efficient municipal administration	To review municipal policies annually	Number of policies reviewed	Number	4	4	4	NONE	Review of 4 HR policies. (Overtime policy ,sexual harasment ,beareaveme nt,Recruitmen t and selection Policy) by 30 June 2019	R 0.00			Seven HR police, Bereavement Policy, overtime,Leav e ,fleet management Policy,Overti me , recruitment and selection policy Policy) were approved by council by 26 June 2019	N/A	N/A	CORPORATE SERVICE	N/A	Council Resolutions, Copy of approved policies
Pg.69ref.10.4	Municipal Transformation and institutional development	To improve service delivery and the image of the municipality	To review municipal organogram	Date	Date	30-Mar	30 March 2018	Non	NONE	Approval of Organogram by 30 June 2019	R 0.00	The organogram was approved in March by council and was revisited and the Final	N/A	The Organogram was approved by council on 29 May 2019	N/A	N/A	CORPORATE SERVICE	N/A	Council Resolutions, Copy of approved organogram

Pg.76ref.10.6	Financial Viability and management	Improve Organizational skills development and capacity building for staff and councillors	% spent on implementing Workplace Skills Plan (WSP)	Percentage spent on implementation of WSP per quarter	Percentage	100%	70%	100%	4400/4475/0205/EQSR/NO NE/ADMN	100% of budgeted spent on implementing Workplace Skills Plan by 31 June 2019	R 500,000.00	70 % of budget was spent on implementing Workplace Skills Plan by 30 June 2018	30% was reallocated to study assistance after the analysis of applications for study assistance	100% budget was spent on skills development	N/A	N/A	CORPORATE SERVICE	N/A	Expenditure report and list of beneficiaries
Pg.76ref.10.6	Municipal Transformation and institutional development	Improve Organizational skills development and capacity building for staff and councillors	Number of beneficiaries trained as per Workplace Skills Plan	Number of beneficiaries trained	Number	15	10	15	4400/4475/0205/EQSR/NO NE/ADMN	15 beneficiaries awarded with Municipal busarities by 30 June 2019		70 % of budget was spent on implementing Workplace Skills Plan by 30 June 2018	30% was reallocated to study assistance after the analysis of applications for study assistance and there was a need to	15 beneficiaries were awarded with Municipal busarities	N/A	N/A	CORPORATE SERVICE	N/A	List of beneficiaries and expenditure report
Pg.76ref.10.7	Municipal Transformation and institutional development	Improve Organizational skills development and capacity building for staff and councillors	To implement Employee Assistance Programme (EAP)	Number of programs implemented	Number	3 programs	2 programs	Non	4400/4420/0205/EQSR/NO NE/ADMN	To implement three Organizational Employment assistance program and capacity building	R 79,000	EAP was conducted on 09 November 2017, Financial wellness was conducted in March 2018 and Substance and alcohol abuse awareness as part of EAP program was not implemented	The budget was insufficient to implement the fourth program after the other programs have consumed more than was expected.	Three wellness day program was conducted (on the 21 December 2018 ; Employee wellness on substance abuse and Financial wellness on 27 June 2019)	N/A	N/A	CORPORATE SERVICE	N/A	Attendance registers
Pg.63ref.10.1.1	Municipal Good governance	Attain effective and efficient municipal administration	To hold Council 4 meetings per annum.	Number of council meeting held	Number	4	4	0	4400/4421/0101/EQSR/NO NE/ADMN	4 Council meetings for the Council 30 June 2019	R 0.00	Six council meeting were held by 30 June 2018 (August 2017, 30 October ,28 November and 12 December 2017. 24 May 2018 and 25	N/A	Four council meetings were held on 30 September 26 30 December ,28 March 2019,June 2019 and three special council were	N/A	N/A	CORPORATE SERVICE	N/A	Council Minutes and Register
Pg.64ref.10.1.2	Municipal Good governance	Attain effective and efficient municipal administration	To hold 12 ExCo meetings per annum.	Number of EXCO meeting held	Number	12	12	0	NONE	12 EXCO meetings by 30 June 2019	R 0.00	Twelve exco meeting were held (23/12/2017,26/10/2017 ,24/11/2017 ,24 May 2018 and 25 June 2018) by 30	N/A	Twelve exco meeting were held by 12 June 2019 (Other dates are 08 April 2019 , 23 May 2019 , & 20 June 2019)	N/A	N/A	CORPORATE SERVICE	N/A	ExCo Minutes and attendance register

Pg.63ref.10.1.1	Municipal Good governance	Attain effective and efficient municipal administration	To approve 4 resolution registers per annum	Number of resolution registers submitted to Council	Number	4	4	0	NONE	4 resolution registers submitted to Council by 30 June 2019	R 0.00	4 resolution registers was submitted to Council by 30 June 2018	N/A	4 resolution register was submitted to Council by 30 June 2019	N/A	N/A	CORPORATE SERVICE	N/A	Resolution Register and Council resolution
	Municipal Transformation and institutional development	Attain effective and efficient municipal administration	To ensure registry and records management system	establish registry that is compliant to archives by 31 June 2019	Date	30-Jun-19	0	0	3800/3810/0302/EQSR/NO NE/ADMN	To ensure functionality on registry and records management system by holding two workshops for all staff member by 31 March 2019	R 0.00	Risk assessment to registry was conducted and action plan to mitigate findings was developed.	N/A	The two workshop for all staff members on records management were conducted by 31 March 2019	N/A	N/A	CORPORATE SERVICE	N/A	Attendance register
Pg.94	Local economic development and social development	To create a conducive environment for socio-economic growth	To ensure performance of contracted service provider	Quarterly performance report	Number	4	4	0	NONE	To implement effective contract management through monitoring and evaluation of service providers on quarterly bases	R 0.00	Monitoring and evaluation of Service provider performance was done on quarterly basis -four assessment report by 30 June 2018	N/A	Monitoring and evaluation of Service provider performance was done on quarterly basis -four assessment report by 30 June 2019	N/A	N/A	CORPORATE SERVICE	N/A	quarterly performance report of contracted service provider
Page 14 ref 1.7.2	Municipal Transformation and institutional development	Attain effective and efficient municipal administration	To maintain server room by June 2019	maintained of server room, fire suppression system and air-conditioning.	Date	March	February	0	4200/4220/0205/EQSR/NO NE/WMUN	To maintain server room, fire suppression system, air-conditioning and purchase of micro soft volume by 30 June 2019	R 190,000.00	Server room and fire suppression system, airconditioning was maintained	N/A	The maintenance of server room, fire suppression system, air-conditioning was conducted as part of phase 2	N/A	N/A	CORPORATE SERVICE	N/A	Proof of purchase (Invoices), Maintenance report
	Municipal Transformation and institutional development	Attain effective and efficient municipal administration	Develop and approve IT governance	Date of approval of three IT policies by Council	Date	30-Jun-19	0	0		The three IT policies (ICT Change control, password policy, IT Security policy approved by Council by 30 June 2019		Web site hosting and maintenance was conducted by 31 Sept 2017	N/A	Four IT policies were approved by council (ICT change management, data back-up and recovery, information security, Email and internet and password policy) on the 26 June 2019	N/A	N/A	CORPORATE SERVICE	N/A	Copy of policies and council resolution

#NAME?	Good governance and Public participation	Attain effective and efficient municipal administration	To ensure administrative oversight	Number of Local Labour forum meetings	Number	4	4	0	NONE	4 Local Labour forum meetings by meeting by 31 June 2019	R 0.00	The Local Labour forum meeting was not held .	The councillors who sit in LLF did not attend to form quorum without any reasons cited	Only three Local Labour forum meetings that was held by 31 March 2019	The committee members failed to form the quorum	The policy that guide the sitting of Labour forum has been revised as to allow the present members to	CORPORATE SERVICE	N/A	Minutes and Attendance register
	Good governance and Public participation	Attain effective and efficient municipal administration	To Decrease municipal IT risks through risk management	Number of Sitting of steering committee	Number	4	4	0	4200/4220/0205/EQSR/NO NE/WMUN	Sitting of 4 IT steering committee meetings by 30 June 2019	R 0.00	Only one out of four IT steering Committee meeting was	N/A	Three out of four Sitting of IT steering Committee was held by	The committee members failed to form the quorum	The policy that guide the sitting of IT Steering committee has been	CORPORATE SERVICE	N/A	Attendance register
	PERFORMAN					PERFORMANCE MANAGEMENT					PERFORMA								
Pg.215-219	Municipal transformation and institutional development	Attain effective and efficient municipal administration	To have quarterly performance reports submitted to Council	Number of performance report prepared	Number	4	4	0	NONE	4 quarterly Performance reports submitted to Council by 30 Jun 2019	R 0.00	Four quarterly performance report was prepared and submitted to council by 25 June	N/A	Four quarterly performance report was prepared and submitted to council by 30 June	N/A	N/A	OMM	N/A	Council resolution, quarterly reports
Pg.94	Local economic development and social development	To create a conducive environment for socio-economic growth	To ensure performance of contracted service provider	Quarterly performance report	Number	4	4	0	NONE	To implement effective contract management through monitoring and evaluation of service providers on quarterly bases	R 0.00	Service provider performance was monitored and evaluated.Reports are submitted to council on quartely basis	N/A	Service provider performance was monitored and evaluated.Reports are submitted to council on quartely basis	N/A	N/A	OMM	N/A	quarterly performance report of contracted service provider
Pg.215-219	Municipal transformation and institutional development	Attain effective and efficient municipal administration	To adopt and implement a Performance Management Systems annually	Number of performance agreements for senior managers signed and submitted to CoGTA	Number	5	4	0	NONE	5 performance agreements for senior managers signed by 31 July 2018 and submitted to CoGTA	R 0.00	3 performance agreements for senior managers signed by 31 July 2017 and submitted to CoGTA	The appointment of director community service not finalised and The performance contract for Municipal	4 performance agreements for senior managers signed by 31 July 2018 and submitted to CoGTA	The appointment of director community service was not yet finalised up until June	The appointed was finalised in June and the director community signed performance agreement for 2019/2020	OMM	N/A	Copies of signed performance agreements
Pg.215-219	Municipal transformation and institutional development	Attain effective and efficient municipal administration	To Review of AUDIT Plan	Date of Audit plan adopted by council	Date	30/06/2018	2017/2018 Audit plan	0	4400/4405/0102/EQSR/NO NE/ADMN	Approved AUDIT Plan for 2018/2019 financial year and submit audit report to EXCO and MPAC on quarterly	R 2,248,001.00	The annual audit plan was reviewed and approved by Audit committee in 05 July 2017	N/A	The AUDIT Plan and internal audit report submitted to EXCO and MPAC was reviewed by July 2018	N/A	N/A	OMM	N/A	Copy of Audit plan and Council resolution and Internal Audit report

Pg.144.Ref. 14.4	Municipal transformation and institutional development	Attain effective and efficient municipal administration	To hold quarterly Audit committee meetings	Number of audit committee meetings	Number	4	4	0	4400/4405/0102/EQSR/NO NE/ADMN	To hold 4 audit committee meetings by the 31 June 2019	R 377,000.00	The six Audit Committee Meeting held on 20 July, 24 August 2017, 05 December 2017, 05 April 2018, 05 May 2018 and 22	N/A	Five audit committee meetings were held by the 30 June 2019	N/A	N/A	OMM	N/A	Minutes and Attendance register
	Good governance and Public participation	Attain effective and efficient municipal administration	To ensure administrative oversight	Number of MPAC meetings	Number	4	4	0	4400/4405/0102/EQSR/NO NE/ADMN	4 MPAC meetings held by end of each quarter by 30 June 2019	R 0.00	Four MPAC meeting were held on 17 August 2017, 31 Dec 2017, 3 february 2018 and 08 June 2018	N/A	Four MPAC meetings were held by end of 30 June 2019	N/A	N/A	OMM	N/A	Minutes and Attendance register
Pg.145 Ref14.6	Financial Management and viability	To Decrease municipal risks through risk management	Tot Updated risk register and Mitigation reports	Number of risk management committee meetings	Number	4	4	0	NONE	4 risk management steering committee meetings by 30 June 2019	R 0.00	Two Risk Management Steering Committee Meetings were held by 31 June 2018	The terms of reference were not available for the committee.	Four risk steering committee meetings were held by 30 June 2019	N/A	N/A	OMM	N/A	Attendance register and risk register
Pg.215-219	Good governance and Public participation	Attain effective and efficient municipal administration	To Submission of Annual report to Cogta, Treasury and AG	Date of submission of annual report to AG	Date	30-Aug-18	30-Aug-18	0	4400/4451/0191/EQSR/NO NE/WMUN	Approval of Annual Report with oversight report by Council and submitted to treasury by 31 March 2019	R 0.00	The Annual report was drafted and submitted to Auditor general in August and submitted to council with audit report and final report with oversight submitted to council in March 2018.	N/A	An Annual Report with oversight report was approved by Council and submitted to treasury by 31 March 2019	N/A	N/A	OMM	N/A	Copy of final report and MPAC oversight report
Pg.145 Ref14.6	Cross cutting interventions	Attain effective and efficient municipal administration	To prevent internal fraudulent activities	Number of fraud and prevention meetings and campaigns	Number	2	2	0	NONE	To facilitate fraud and prevention strategy by conducting one campaigns by	R 0.00	The two fraud prevention awareness campaign were conducted by 31 June 2018	N/A	One fraud and prevention strategy and awareness campaign was conducted by	N/A	N/A	OMM	N/A	Attendance register and copy of awareness document.

						INTEGRATED DEVELOPMENT				EXECUTIVE									
	Financial Viability and management	Improve the financial performance of the municipality	1.1 To ensure the proper financial management	Preparation and submission of Departmental procurement plan	Date	30-Jul-18	30-Jul-17	0	N/A	Preparation and submission of departmental procurement plan by 31 July	R 0.00	Departmental procurement plan was prepared and submitted by 31 July 2017	N/A	Departmental procurement plan was prepared and submitted by 31 July 2018	N/A	N/A	OMM	N/A	Copy of procurement plan and Proof for the submission
Page 146 ref 14.8	Good governance, community participation, and ward committee systems	To ensure efficient and effective internal and external communication	To Prepare 2019/2020 Municipal IDP	2019/2020 IDP Adopted by council	Date	30-Jun-19	30 Jne 2018	0	NONE	To Adopt 2019/2020 IDP and process plan by 30 June 2019	R 0.00	Final 2018/2019 IDP and process plan was adopted on 25 June 2018	n/a	Final 2019/2020 IDP and process plan was adopted on 26 June 2019	N/A	N/A	OMM	N/A	Council resolution and IDP Document
Pg.142 Ref.14.2.3	Good governance, community participation, and ward committee systems	To ensure efficient and effective internal and external communication	To promote effective public participation	Number of Public Participation sittings	Number	4	4	0	4400/4486/0102/EQSR/NO NE/ADMN	4 Public Participation sittings by 30 June 2019	0.00	4 Public Participation sittings was conducted on 4th of August 2017 and December 2017, 25 April	n/a	4 Public Participation sittings was conducted by 30 June 2019	N/A	N/A	OMM	N/A	Minutes and Attendance register
Pg.142 Ref.14.2.3	Good governance, community participation, and ward committee systems	To ensure efficient and effective internal and external communication	To promote effective public participation	Number of regulated public participation road shows	Number	4	3	0	4400/4486/0102/EQSR/NO NE/ADMN	Two regulated public participation road shows by 30 June 2019	R685 000	Three regulated public participation road shows was conducted on 09 November 2017 ;25 April 20148 and 19th May 2018	Insufficient budget	Two regulated public participation road shows was conducted by 30 June 2019	N/A	N/A	OMM	N/A	Attendance register
Pg.144.	Good governance, community participation, and ward committee systems	To ensure efficient and effective internal and external communication	To establish ward committees	Number of ward committees Meetings held	Number	14	14	0	4400/4446/M SIG/NONE/AD MN	To facilitate functionality of Ward committee by holding Monthly ward committee meetings in 14 wards		Monthly ward committee meetings were held in all 14 wards. Quartely reports were sent to Cogta for assesment.	n/a	Monthly ward committee meetings were held in all 14 wards. Quartely reports were sent to Cogta for assesment.	N/A	N/A	OMM	N/A	Attendance Registers and Minutes of meetings
	Good governance, community participation, and ward committee	To ensure efficient and effective internal and external communication	To establish ward committees	Number of ward committees Meetings held	Number	14	14	0	4400/4446/M SIG/NONE/AD MN	Ward Committee Policy adopted by Council by 31 June 2019		The ward Committee Policy was adopted by Council on 25 June 2018	n/a	Ward Committee Policy was adopted by Council by 30 June 2019	N/A	N/A	OMM	N/A	Copy of policy and council resolution

Pg.144.	Good governance, community participation, and ward committee systems	To ensure efficient and effective internal and external communication	IDP Forum Meeting	Number of IDP Forum meetings	Number	4	4	0	NONE	4 IDP Forum meeting conducted in third quarter and fourth quarter by 30 June 2019		4 IDP Forum Meeting were held on (20 February 2018 and 14 June 2018)	n/a	3 IDP Forum meeting conducted in quartely basis by 30 June 2019	Non forming of quorum	Revised terms of reference and policy to tightened the operation and attendance will be finalised in August 2019	OMM	N/A	Attendance register
Pg.144.	Good governance, community participation, and ward committee systems	To ensure efficient and effective internal and external communication	To hold regular IDPSC meetings	Number of IDPSC meetings held	Number	4	4	0	NONE	4 IDPSC meetings held by 30 June 2019		4 IDPSC meeting were held on (05 February 2018 and 21 May 2018)	n/a	4 IDPSC meetings were held by 30 June 2019	N/A	N/A	OMM	N/A	Attendance register
Page 14 ref 1.7.7	Good governance, community participation, and ward committee systems	To ensure efficient and effective internal and external communication	To review, adopt and implement community participation strategy	Date of adoption of the community participation strategy	Date	2019/2020 Public participation strategy by 30 June 2019	2018/2019 Public participation strategy by 30 June 2019	0	NONE	Date of adoption of the community participation strategy by 31 June 2019		The community participation strategy was adopted on 27 June 2018	n/a	Community participation strategy was adopted by council on 30 June 2019	N/A	N/A	OMM	N/A	Council Resolution & copy of community participation strategy
COMMUNICATIONS																			
Pg.140-142	Good governance and community participation and ward committee systems	To ensure efficient and effective internal and external communication	To have mayoral media slots held	Number of mayoral media slots held	Number	8	4	4	4400/4412/0102EQSR/NONE/ADMN	Eight (8) mayoral media slots held by 30 June 2019	R670 000	The Four Mayoral interviews was conducted on the first and second quarter with Ikhwezi FM and uKhozi FM. The two 2 Local and National radio station media slots were held Interviews were held with 2 National and Local radio stations on third quarter and the two done in the fourth quarter.	N/A	Eight (8) mayoral media slots were held by 30 June 2019	N/A	N/A	OMM	N/A	Official Order

Pg.140-142	Good governance and community participation and ward committee systems	To ensure efficient and effective internal and external communication	To promote effective public participation	Date of Revamping Municipal municipa website	Date	30-Jun-19	30-Mar-17	0	4200/4220/0205/EQSR/NO NE/WMUN	Web site revamping and maintained and signage to Municipal facilities	R 350 000	Web site revamping and maintenance was conducted. The signage to all Municipal structures were erected.	N/A	Web site not revamping and not maintained and only the signage to Municipal facilities was done	Money was transferred to other Municipal projects including the installation of WIFI to municipal sites	The website is budget for year 2019/20120 uncer corportae service in IT Section to be implemented in August 2019	OMM	N/A	Photos(photo screen shot)
Pg.140-142	Good governance and community participation and ward committee systems	To ensure efficient and effective internal and external communication	To promote effective public participation	Publisse through press media	Number	4	1	3	4400/4412/0102EQSR/NONE/ADMN	To publicise municipal programmes with 4 press media	R 330,000.00	1 Editorial page out of four was conducted and Installation of WIFI in public spaces was conducted	Due to a major need to Nkandla schools the budget was reallocated for installation of WIFI in public spaces.	4 Editorial page and out door advertising was done by 30 June 2019	N/A	N/A	OMM	N/A	invoice and copy of article
Pg.140-142	Good governance and community participation and ward committee systems	To ensure efficient and effective internal and external communication	To have municipal newsletters published	Number of issues of municipal newsletters published	Number	4	bimonthly	0	4400/4412/0102EQSR/NONE/ADMN	Two (2) issues of municipal newsletters published by 31 December 2018 and Purchase of promotional items	R300 000	four (1) issues of municipal newsletters was not published by 30 June 2018 and Purchase of promotional items	The funds was reallocated to the purchase of promotional items and the funds left were insufficient to	Two issue of municipal newsletter was published and promotional items were purchased by 30 June 2019	N/A	N/A	OMM	N/A	Copy of the newsletter published and GRN
Pg.140-142	Good governance and community participation and ward committee systems	To ensure efficient and effective internal and external communication	To have adopted events calendar	Date of adoption of events calendar	Date	30 September 2018	30 September 2017	0	NONE	Adoption of events calendar by EXCO by 30 September 2018	R 0.00	Events calendar adopted by EXCO by 30 July 2017	N/A	Events calendar was adopted by EXCO by 30 September 2018	N/A	N/A	OMM	N/A	EXCO resolution and Calendar of events
Pg.140-142	Good governance and community participation and ward committee systems	To ensure efficient and effective internal and external communication	To Review of Communication Strategy and Policy	Date of review of communication strategy and policy	Date	30-Mar-19	30 June 2018	0	4400/4412/0102EQSR/NONE/ADMN	Review of Communication Strategy and Policy by 31 March 2019	R 0.00	Communication strategy and policy was reviewed and adopted by council by 31 March 2018	N/A	Communication Strategy and Policy was reviewed and adopted by council by 31 March 2019	N/A	N/A	OMM	N/A	Council Resolution and copy of Communication Strategy and Policy
SPECIAL PROGRAMMES																			
	Good governance and Public participation	To create a conducive environment for socio economic growth	To have 14 functional ward Aids Council	No. of Local AIDS Council (LAC) meetings	Number	14wards x4=56	14 Wardsx4=56	56 meetings	4400/4433/0102/EQSR/NO NE/ADMN	To hold Monthly Wards aids council(14 wards to have meetings by 30 June 2019	0.00	ward I Aids Council (WAC) per ward was not held .	All wards aids council lack training.	Monthly Wards aids council in 14 wards was not held by 30 June 2019	The non forming the quorum	Training will be conducted to councillors to be able to facilitate the program in	OMM	N/A	Attendance registers



Pg110-114	Good governance and Public participation	To create a conducive environment for socio economic growth	To develop comprehensive response to HIV/AIDS	No. of Local AIDS Council (LAC) meetings	Number	4	4	0	4400/4433/0102/EQSR/NO NE/ADMN	4 Local Aids Council (LAC) by 30 June 2019	R 0	4 Local Aids Council (LAC) was conducted on 30 June 2018	N/A	4 Local Aids Council (LAC) were held by 30 June 2019	N/A	N/A	OMM	N/A	Attendance registers
Pg110-114	Good governance and Public participation	To create a conducive environment for socio economic growth	To develop comprehensive response to HIV/AIDS	2 HIV/ AIDS campaigns	Number	2	2	0	4400/4433/0102/EQSR/NO NE/ADMN	To hold world HIV & AIDS day by 31 December 2018	R 100,000.00	HIV/AIDS awareness campaigns were not held	There was an insufficient budget for the program	World Aids Day build up event was held on 30 November	N/A	N/A	OMM	N/A	Attendance register
Pg110-114	Good governance and Public participation	To create a conducive environment for socio economic growth	To monitor service delivery by engaging relevant stakeholders	Number of operation sukumasakhe program	Number	4	4	0	4400/4433/0102/EQSR/NO NE/ADMN	To implement 4 programs of operation sukumasakhe program by 30 June 2019	R 0.00	Intervention to families identify with sukumasakhe program was conducted	N/A	Intervention to families identified with sukumasakhe program was conducted on quarterly basis	N/A	N/A	OMM	N/A	Attendance registers
Pg110-114	Good governance and Public participation	To create a conducive environment for socio economic growth	To monitor service delivery by engaging relevant stakeholders	No. of Local Task Team (LTT) meetings	Number	12	12 Local Task Team (LTT) meeting held	0	4400/4433/0102/EQSR/NO NE/ADMN	12 Local Task Team (LTT) meetings by 30 June 2019	R 0	6 LTT meetings was held on the 26 September 2017, 07	N/A	12 Local Task Team (LTT) meetings by 30 June 2019	N/A	N/A	OMM	N/A	Attendance registers
	Good governance and Public participation	To create a conducive environment for socio economic growth		Date of implement three children's program	Date	30-Jun-19	30-Jun-18	0	4400/4462/0102/EQSR/NO NE/ADMN	To implement children's program by 31 June 2019	R 250,000.00	ECD equipment for 40 ECD sites was purchased by	N/A	ECD equipment was purchased as part of	N/A	N/A	OMM	N/A	Distribution list
Pg.119 Ref12.6 .5	Infrastructure development and basic service delivery	To create a conducive environment for socio economic growth	To have a functional Disability Forum	Establish Nkandla disability Forum	Date	30-Jun-19	0	0	4400/4418/0102/EQSR/NO NE/ADMN	Purchasing 100 assertive devices for disabled and Disability awareness program by 31 December	R 200,000.00	Assertive devices for the disabled were not purchased	Disability budget was lost in system MSCOA, budget did not appear on a system was to be	100 Assertive device were not purchased	The Municipality had a challenge on cashflow as a result the department was	The target will be re considered during budget for 2019/2020 for the target to be implemented	OMM	N/A	Distribution list and Attendance register
Pg.119 Ref12.6 .5	Good governance and Public participation	To create a conducive environment for socio economic growth	To have a functional Senior Citizens Forum	Date of establishment and support of Nkandla Senior Citizen	Date	30-Jun-19	0	0	4400/4458/0102/EQSR/NO NE/ADMN	Workshop for the development of Nkandla Senior Citizens plan of action by 31 December 2018	R 279,000.00	Senior citizen supprt was not conducted/done	Senior citizen budget was lost in system MSCOA, budget did not appear on a system was	Nkandla Senior Citizens plan of action was developed and senior citizen were supported was held by 30 December 2018	N/A	N/A	OMM	N/A	Copy of the Plan of Action
Pg.119 Ref12.6 .5	Good governance and Public participation	To create a conducive environment for socio economic growth	To provide gender empowerment	Date of womens day	Date	30-Aug-18	30-Aug-17	0	4400/4429/0102/EQSR/NO NE/ADMN	1 Women's Day Event held by 31 Sept 2018	R 260,000.00	The Women day event was not conducted and intervention program by	Funds were not available due to line item which was not available in	One womens day event was held by 30 September 2018 and women	N/A	N/A	OMM	N/A	copy of local plan of action

Pg.119 Ref12.6 .5	Local economic development and social development	Attain effective and efficient municipal administration	To capacitate youth and moral regeneration to Nkandla youth	Date of youth program	Date	31-Mar-19	31-Mar-18	0	4400/4482/0 102/EQSR/NO NE/ADMN	To capacitate and implement two youth and moral regeneration to Nkandla youth by 31 March 2019	1 700 000	80 Nkandla students were provided with tertiary education study assistance / registration support by 28 February 2018	N/A	The moral regeneration through Uvukile gospel was promoted by 31 March 2019	N/A	N/A	OMM	N/A	Report with pictures
Pg.119 Ref12.6 .5	Local economic development and social development	Attain effective and efficient municipal administration	To provide Youth skills development	140 youth provided with skills	Number	140	28	112	4400/4482/0 102/EQSR/NO NE/ADMN	140 youth provided with skills by 31 March 2019	R 775,000.00	70 youth were provided with skills (Security,FET skills development)	N/A	160 Nkandla students were provided with tertiary education study assistance / registration support by 28 February 2019	N/A	N/A	OMM	N/A	List of beneficiaries , proof of payment
COMMUNITY SERVICE																			
LIBRARY SERVICE												LIBRARY SERVICE							
	Financial Viability and management	Improve the financial performance of the municipality	To adopt and implement financial management system	Preparation and submission of Departmental procurement plan	Date	30-Sep-18	30-Sep-17	R 0.00	N/A	Preparation and submission of departmental procurement plan	R 0.00	Departmental procurement plan was prepared and submitted 30 August 2017	N/A	Departmental procurement plan was prepared and submitted 30 August 2018	N/A	N/A	COMMUNITY SERVICE	N/A	Copy of Procurement plan and Proof for the submission
Pg.117- 118	Local economic development and social development	To create a conducive environment for socio-economic growth	Implementatio n of Childrens program program	Children event held	Date	31-Dec-18	31-Dec-17	0	4400/4442/0 507/EQSR/NO NE/ADMN	1 Children fun day by 31 Dec 2018	R 500,000	Achieved, Fun Day was held on the 13th December 2017	N/A	1 Children fun day by was held 31 Dec 2018	N/A	N/A	COMMUNITY SERVICE	N/A	Reports with photos and attendance register
Pg.117- 118	Municipal transformation and institutional development	Attain effective and efficient municipal administration	Implement library orientation program	Number of Library Orientation program	Number	12	12	0	4400/4442/0 507/EQSR/NO NE/ADMN	12 Library Orientation program by 30 June 2019	R 150,000.00	Achieved, 12 Library Orientation Programmes were held by 30 June 2018	N/A	12 Library Orientation program were held by 30 June 2019	N/A	N/A	COMMUNITY SERVICE	N/A	Attendance registers and pictures

Pg.117-118	Municipal transformation and institutional development	Attain effective and efficient municipal administration	To implement program for Reading and Writing Club by 30 June 2018	Number of program implementation for Reading and Writing Club by 30 June 2019	Number	1	4	0	4400/4442/0507/EQSR/NO NE/ADMN	Implement one readathon program per quarter by 30 June 2019	R 30,000.00	Achieved, Four Readathon program was organised by 30 June 2018 (Quarter 1,24th October 2017,08th March 2018 and June 2018	N/A	Four readathon program per quarter was held by 30 June 2019	N/A	N/A	COMMUNITY SERVICE	N/A	Pictures and attendance register
<b>D RECREATION</b>																			
Pg.109	Infrastructure development and basic service delivery	To create a conducive environment for socio-economic growth	To conduct mass participation program as part of talent identification.	Date of District SALGA games event	Date	31-Dec-18	31-Dec-17	0	4400/4468/0507/EQSR/NO NE/ADMN	To Participate in District SALGA games by 31 September 2018	R 450,000.00	Achieved, Provincial SALGA games were attended from the 7th to 11 December 2017	N/A	The Municipality did not participate in District SALGA games by 31 September	The council took a decision to withdraw in SALGA games and begin sports leagues.	Sports leagues has been established and are taking place on regular basis in all wards	COMMUNITY SERVICE	N/A	Report
Pg.109	Infrastructure development and basic service delivery	To create a conducive environment for socio-economic growth	To conduct mass participation program as part of talent identification.	Date of Mayoral Cup tournament held	Date	31-Aug-18	30-Jun-18	0	4400/4468/0507/EQSR/NO NE/ADMN	To conduct mass participation program by hosting Nkandla Mayoral Cup tournament		Mayoral cup event was hosted	N/A	The Nkandla Mayoral Cup tournament was by held 31 August 2018	N/A	N/A	COMMUNITY SERVICE	N/A	Report
Pg.109	Infrastructure development and basic service delivery	To create a conducive environment for socio-economic growth	To promote healthy life style for Senior Citizens by facilitating sports	Number of Nkandla Open Marathon	Date	30-Jun-19	30-Jun-18	0	4400/4468/0507/EQSR/NO NE/ADMN	To host one Nkandla open Marathon by 30 June 2019	R 50,000.00	Achieved, Support for Soccer,Netball,Dance,Boxing,athletics, chess,Indigeneo	N/A	Nkandla open Marathon was held at Qhudeneni by 30 June 2019	N/A	NA/	COMMUNITY SERVICE	N/A	Report
Pg.109	Infrastructure development and basic service delivery	To create a conducive environment for socio-economic growth	To promote healthy life style for Senior Citizens by facilitating sports development	Date of Participate in 1 District Golden games tournament	Date	30-Sep-18	30-Sep-17	0	4400/4468/0507/EQSR/NO NE/ADMN	To participate in 1 District Golden Games by 31 September 2018 and training camp for Senior Citizen by 30		Achieved, Support for Soccer,Netball,Dance,Boxing,athletics, chess,Indigeneo us games,karate, rugby,volleyb	N/A	The Municipality participated in District Golden Games by 31 September 2018 and training camp	N/A	NA/	COMMUNITY SERVICE	N/A	Report and Attendance register.
Pg.109	Local economic development and social development	To create a conducive environment for socio-economic growth	To conduct mass participation program and sports leisure.	Date of Nkandla May horse riding event	Date	May-19	May-18	0	4400/4468/0507/EQSR/NO NE/ADMN	To host Nkandla May horse riding event by 30 May 2019	R 1,200,000.00	The Nkandla May horse riding Event was organised and hosted on 27 May 2018	N/A	Nkandla May horse riding event was nheld on the 04 May 2019 at Odangweni arena	N/A	NA/	COMMUNITY SERVICE	N/A	Event report

MIC DEVELOPMENT																			
	Good governance and Public participation	To promote a safe and healthy environment for Nkandla community	To improve and sustain culture through cultural events	Number of cultural events held to promote pride and cultural dignity amongst	Number	3	1 Cultural events held	0	4400/4444/0507/EQSR/NO NE/ADMIN	3 Phuzushukela Memorial Cultural events held within Nkandla	1,100,000	Operation siyaya emhlangeni and uMhlanga Reed Dance event was	N/A	Operation siyaya emhlangeni and uMhlanga Reed Dance event was	N/A	N/A	COMMUNITY SERVICE	N/A	Copy of attendance register,report and photos
Pg.152 Ref.15.4	Good governance and Public participation	To create a conducive environment for socio-economic growth	To create a number of jobs through EPWP and CWP	Number of cultural events held to promote pride and cultural dignity amongst youth of Nkandla	Number	3	1 Cultural events held	0	4400/4444/0507/EQSR/NO NE/ADMIN			Zulu dance achieved, Ingoma/Indlamu was held in ward 09 and ward 11 were held on the 25th and 26th December 2017	N/A	To hold two Zulu dance event (cultural activities) at wards and ward 11 by 31 December 2018	N/A	N/A		N/A	Copy of attendance register,report and photos
Pg.93-104	Local economic development and social development	To create a conducive environment for socio-economic growth	To support Nkandla co-operatives	Number of jobs created through EPWP and CWP	Number	60	106	0	NONE			60 jobs created through EPWP and CWP	R 0.00	106 jobs were created through the EPWP and CWP	N/A	Above 113 jobs through EPWP and CWP were created	N/A	N/A	COMMUNITY SERVICE

Pg.93-104	Local economic development and social development	To create a conducive environment for socio-economic growth	To support Nkandla co-operatives	Number of Agricultural Co-operatives supported through Agricultural programme	Number	20	10	0	4400/4444/0507/EQSR/NO NE/ADMIN	Assist 20 Agricultural Co-operatives through Agricultural programme	R 1,800,000.00	The two tractors were purchased in support for the agricultural programme by 30 December	N/A	Twenty(20) Agricultural Co-operatives were assisted through Agricultural programme by 30 June 2019	N/A	N/A	COMMUNITY SERVICE	N/A	List of cooperatives assisted and report
Pg.93-104	Local economic development and social development	To create a conducive environment for socio-economic growth	To capacitate SMME's through SMME development programme	Number of Co-operatives supported with material	Number	30	30	0	4400/4444/0507/EQSR/NO NE/ADMIN	30 Material support to co-operatives and monitor supported co-operatives by 30 June	R 500,000.00	30 Cooperatives were supported and monitored and evaluated	N/A	58 co-operatives were supported with material by 30 June 2019	N/A	N/A	COMMUNITY SERVICE	N/A	Attendance register. List of cooperatives supported, list of assets funded with
Pg.93-104	Local economic development and social development	To create a conducive environment for socio-economic growth	To establish Nkandla Community Tourism Organisation (CTO)	Number of SMME's trained & on business management skills	Number	30	30	0	4400/4444/0507/EQSR/NO NE/ADMIN	30 Small business practitioners trained on business management and entrepreneurial skills	R 0.00	Achieved, 30 Small Business Practitioners were trained on business management and Entrepreneurial skills	N/A	30 Small business practitioners were trained on business management and entrepreneurial skills	N/A	N/A	COMMUNITY SERVICE	N/A	attendance register
	Local economic development and social development	To create a conducive environment for socio-economic growth	Develop Nkandla Tourism attraction site.	Date of Operational Nkandla Community Tourism Organisation	Date	30-Jun-19	30-Jun-18	0	4400/4444/0507/EQSR/NO NE/ADMIN	To promote Nkandla tourism program and develop 2 tourism attraction sites and monitor operational plan by 30 June 2019		The operational plan for tourism was monitored and implemented	N/A	The two tourism attraction sites was done and implementation of operational plan for tourism was monitored by 30 June 2019	N/A	N/A	COMMUNITY SERVICE	N/A	Copy of implementation plan and reports
DISASTER																			
Pg.51-61	Cross cutting interventions	To promote a safe and healthy environment for Nkandla community	Facilitate sitting of disaster advisory forums	Number of disciplinary road blocks	Number	8	11	0	4400/4414/0507/EQSR/NO NE/ADMN	To conduct eight multi disciplinary road blocks	R 0.00	Eleven quarterly multi disciplinary road blocks were conducted	N/A	Eight quarterly multi disciplinary road blocks were held by 30 June 2019	N/A	N/A	COMMUNITY SERVICE	N/A	Report
	Cross cutting interventions	To promote a safe and healthy environment for Nkandla community	To facilitate the compilation of disaster incidents report	Number of Advisory Committee meetings	Number	4	4	0	4400/4414/0507/EQSR/NO NE/ADMN	To conduct 4 Advisory Committee Meeting by 30 June 2019	R 0.00	Three Advisory Committee Meeting was held on 08th December 2017;31 March 2018 and 20th June 2018.Only quarter one where the meeting was not held.	The first meeting was not held due to lack of quorum.	Four Advisory Committee Meeting were held by 30 June 2019	N/A	N/A	COMMUNITY SERVICE	N/A	Attendance Register
Pg.51-61	Cross cutting interventions	To promote a safe and healthy environment for Nkandla community	To implement Fire prevention strategy through fire Drills	Number of Prepared incidents reports	Number	12	12	0	4400/4414/0507/EQSR/NO NE/ADMN	To prepare 12 Incidents Reports by 30 June 2019	R 0.00	12 Monthly Incident Report Incident report was prepared by 30 June 2018	N/A	Twelve incidents reports prevention strategy through 1 Fire Drill was implemented by 30 June 2019	N/A	N/A	COMMUNITY SERVICE	N/A	Monthly Incident reports
Pg.51-61	Cross cutting interventions	To promote a safe and healthy environment for Nkandla community	To procure disaster material	Number of Fire Drills	Number	4	4	0	4400/4414/0507/EQSR/NO NE/ADMN	Implement fire prevention strategy and to organise and implement 4 Fire Drills by 30 June 2019	R 250,000.00	Fire prevention strategy through 4 Fire Drills & procurement of disaster protective clothing was	N/A	Fire prevention strategy through 4 Fire Drills were implemented by 30 June 2019	N/A	N/A	COMMUNITY SERVICE	N/A	Report
Pg.51-61	Cross cutting interventions	To promote a safe and healthy environment for Nkandla community	Date of approval of Disaster Management Plan	Date of Procure response materials	Date	30-Jun-19	30-Jun-18	0	4400/4414/0507/EQSR/NO NE/ADMN	To provide assistance to disaster victims by 30 June 2019	R 1,120,000.00	Achieved, ward 14 victims were assisted after the disaster related incident in the first quarter	N/A	Assistance to disaster victims (building material) was provided by 30 June 2019	N/A	N/A	COMMUNITY SERVICE	N/A	Report on delivery to beneficiaries

	Cross cutting interventions	To promote a safe and healthy environment for Nkandla community	To implement 12 Monthly Awareness Campaigns	Date of Approved disaster management plan	Date	30-Jun-19	0	0	4400/4414/0507/EQSR/NO NE/ADMN	Monitor functionality of the disaster Management centre by Developing of Disaster Management Plan by 30 June 2019	R 500,000.00	Disaster management plan not developed and only the Disaster Management Plan terms of reference was developed	There was a lack of capacity within the department. The department only managed to develop the terms of	Disaster Management Plan and was not drafted and submitted to council	The funds that were prepared for this project was reallocated to disaster relief material. Municipality is planning to	The target will be implemented in the first quarter of the next financial year. Extra funds will be solicited from COGTA.	COMMUNITY SERVICE	N/A	Copy of disaster management plan
Pg.51-61	Good governance and Public participation	To promote a safe and healthy environment for Nkandla community	Conduct disaster awareness campaign	Number of Monthly Awareness Campaigns	Number	12	12	0	4400/4414/0507/EQSR/NO NE/ADMN	To implement 12 disaster management Awareness Campaigns on monthly basis by 30 June 2019	R 0.00	12 disaster management Awareness were conducted by 30 June 2018	N/A	12 disaster management Awareness Campaigns were conducted by 30 June 2019	N/A	N/A	COMMUNITY SERVICE	N/A	Report and attendance register
			<b>BUDGET AND TREASURY</b>																
	Financial Viability and management	Improve the financial performance of the municipality	1.1 To ensure the proper financial management	Preparation and submission of Departmental procurement plan	Date	30-Aug-18	30-Aug-17	Nil	N/A	Preparation and submission of departmental procurement plan by 31 August 2018	R 0.00	One departmental procurement plan was prepared and submitted by 31 August 2018	N/A	Preparation and submission of departmental procurement plan was conducted by 30 August 2018	N/A	N/A	Budget and treasury	N/A	Copy of procurement plan and Proof for the submission
	Financial Viability and management	Improve the financial performance of the municipality	1.1 To ensure the proper financial management	Approved adjustment budget	Date	28-Feb-19	28-Feb-19	Nil	N/A	Approval of Budget adjustment by council by 28 February 2019	R 0.00	Adjusted budget were prepared and submitted to council for approval by 28 February 2018	N/A	Adjusted budget were prepared and submitted to council for approval by 28 February 2019	N/A	N/A	Budget and treasury	N/A	Copy of adjusted budget and council resolution

	Financial Viability and management	Improve the financial performance of the municipality	1.1 To ensure the proper financial management	Approved adjustment budget	Date	28-Feb-19	28-Feb-19	Nil	N/A	Approval of Budget adjustment by council by 28 February 2019	R 0.00	Adjusted budget were prepared and submitted to council for approval by 28 February 2018	N/A	Adjusted budget were prepared and submitted to council for approval by 28 February 2019	N/A	N/A	Budget and treasury	N/A	Copy of adjusted budget and council resolution
Pg.134	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To pay all FBE invoices from Eskom and Municipal indigent households within 30 days	Timeous payment of FBE invoices from Eskom within 30 days	Day	30 days	30 days	0	4400/4426/0191/EQSR/NO NE/WMUN	Payment of all FBE invoices received within 30 days	R 819,000.00	The target for was achieved: All invoices of FBE from ESKOM were paid within 30 days.	N/A	The Payment of all FBE invoices received within 30 days was done	N/A	N/A	Budget and treasury	N/A	Payment vouchers & monthly bank statements

Pg.134	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development		Beneficiaries receiving free basic electricity per month	Percentage	100%	100%	0	4400/4426/0191/EQSR/NO NE/WMUN	Percentage of registered indigent house holds receiving free basic services.by 30 June 2019		100 % achieved of registered indigent house holds receiving free basic services.	N/A	House holds to receive free basic services were registered as indigent and 100% was achieved by 30 June 2019.	N/A	N/A	Budget and treasury	N/A	Application forms for FBE sent to Eskom for approval and indigent house hold database
Pg.134	Financial Viability and management	Advance and maintain the financial viability of the municipality	Compliance with Reporting requirements of the MFMA, Act No. 56 of 2003	Submission of monthly financial reports to Treasury (Sec 71) & EXCO	Number	12	12	0	NONE	Submission of 12 monthly financial reports to Treasury (Sec 71) & EXCO		The Twelf reports were Submitted on quarterly basis to EXCO ,Finance Portfolio Committee, Provincial Treasury and	N/A	Twelf monthly financial reports were submitted to EXCO and Treasury (Sec 71) & Mayor within 10 working days of the	N/A	N/A	Budget and treasury	N/A	Sec 71 Returns submitted within 10 working days of the next month
Pg.134	Good governance and public participation	Advance and maintain the financial viability of the municipality		Submission of quarterly financial reports to Treasury and EXCO	Number	4	4	0	NONE	Submission of (4) quarterly financial reports to Treasury and EXCO		4 quarterly reports was submitted to National Treasury, Provincial Treasury, Finance Portfolio Committee and Exco by 30 June 2018.	N/A	Four quarterly (section 52) report were sent to Treasury and Exco within 30 days	N/A	N/A	Budget and treasury	N/A	Returns submitted
Pg.134	Good governance and public participation	Advance and maintain the financial viability of the municipality	Compliance with section 72 of the MFMA	Submission of midyear Assessment report and financial statement	Date	2019/01/30 and 31 August 2018	2018/01/30 and 31 August 2017	0	NONE	To submit Section 72 Reports to Council by the 25th of January 2019 and Annual financial statement to AG by 31 August 2018	R 0.00	The Section 72 Report was submitted to Council on the 25th of January 2018	N/A	The Annual Financial Statements for the 2017/2018 financial year were submitted to AG by 31st of August 2018 and section 72 reports prepared and submitted to council by 25 January 2019	N/A	N/A	Budget and treasury	N/A	Section 72 report, council resolution and Proof of submission of AFS from AGSA

Pg.146. Ref.14.8	Good governance and public participation	Advance and maintain the financial viability of the municipality	Approved budget of 2019/2020 financial year	Approval of the budget process plan AND Adoption of the Operating and Capital Budget of the Municipality for 2019/2020	Date	31/08/2018	31/08/2017	0	NONE	Approval of the budget process plan by 31 August 2018 AND Adoption of the Operating and Capital Budget of the Municipality for 2018/2019 by 31 May 2019	R 0.00	2017/2018 Approved budget process plan was table in council and submitted to National Treasury	N/A	The budget process plan was adopted by 31 August 2018 and The Operating and Capital Budget of the Municipality for 2019/2020 were adopted by council on the 29 May 2019	N/A	N/A	Budget and treasury	N/A	Copy of budget process plan, budget and council resolution
Pg.125 Ref.6.3	Financial Viability and management	Advance and maintain the financial viability of the municipality	To ensure collection of budgeted revenue	70% collection rate on all budgeted billable Service charges excluding prior years outstanding debts as part of revenue enhancement	Percentage	>70%	>60%	0	NONE	70% collection rate on all budgeted billable Service charges excluding prior years outstanding debts on quarterly basis	R36 723 000(R18 338 000 Property rates, R16 316 000 Electricity, R1 349 000 Refuse Removal, R720 000 Rent)	The an average of 139 % budgeted revenue collection on billed revenue was achieved	N/A	70% rates on all budgeted billable Service charges excluding prior years outstanding debts were collected By 30 June 2019	N/A	N/A	Budget and treasury	N/A	Calculation on actual revenue collected on all billable item EXCLUDING prior years outstanding debt
Pg.127	Financial Viability and management	Advance and maintain the financial viability of the municipality	To ensure that customers receive the statements of accounts in time	Bills statements are forwarded to customers by the 7th each month.	Date	07th of each month	07th of each month	0	4400/4451/0191/EQSR/NO NE/WMUN	Bills statements forwarded to customers by the 07th of each month	R 72,000.00	The Bills statements were forwarded to customers by the 07th of each month	N/A	All Bills statements were forwarded to customers on the 07th of each month	N/A	N/A	Budget and treasury	N/A	Statement Delivery Register & proof of postage by Nashua
Pg.136 Ref.C6.5	Financial Viability and management	Optimise budget implementation in the municipality	Ensured that expenditure from grant funding is in accordance with grant stipulations	Preparation of a consolidated report on the receipt and expenditure of grant funds	Number	12	12	0	NONE	Preparation of a consolidated report on the receipt and expenditure of grant funds on quarterly	R 0.00	The Grants reports were submitted to EXCO, Finance Portfolio Committee, Provincial Treasury and	N/A	Grant reports were prepared and submitted to Treasury on quarterly basis and by 30 June 2019	N/A	N/A	Budget and treasury	N/A	Quarterly reports & Grants reconciliations & proof of submission
Pg.121	Financial Viability and management	Optimise budget implementation in the municipality	Reconciliation reports on receipt and expenditure for submission to the Municipal Manager and	Approved Reconciliation statements	Number	12	12	0	NONE	Preparation and review of 12 reconciliation statements annually by 30 June 2019	R 0.00	12 reconciliation done on Monthly reconciliation statements prepared on time. Only few	N/A	12 reconciliation (Pay roll, bank reconciliation, debtors and creditors) statements were	N/A	N/A	Budget and treasury	N/A	Monthly reconciliation (Debtors, Other Income, Assets, Payroll, Creditors)
Pg.121	Financial Viability and management	Optimise budget implementation in the municipality	Exercised financial and fiscal control	Preparation of updated cash flow projections for the Municipality	Number	4	0	4	NONE	Preparation of updated cash flow projections for the Municipality on quarterly	R 0.00	Cash Flow Projection reports were prepared for the quarter. Therefore this target was	N/A	Cash flow projection reports were prepared on quarterly basis and submitted to	N/A	N/A	Budget and treasury	N/A	Quarterly Cash flow Projections Reports



Pg.121	Financial Viability and management	Optimise budget implementation in the municipality	Expenditure on received Finance Grants (FMG )	Budget Expenditure Reports Per Vote	Percentage	100%	100%	0	NONE	To ensure 100% expenditure on all finance related grants and subsidies ( FMG ) to avoid grants rollovers by 30 June 2019	R 1,825,000.00	100% expenditure on received Finance Management Grants (FMG ) by 30 June 2018	N/A	100% expenditure on received Finance Grants (FMG ) were achieved by 30 June 2019	N/A	N/A	Budget and treasury	N/A	Statement of comparison of actuals with Income and Expenditure budget
Pg.121	Financial Viability and management	Improve the financial performance of the municipality	GRAP 16 & 17 Asset Register in place	GRAP compliant asset register	Number	4 GRAP - 2018/19 compliant asset register	2017/18GRAP compliant asset register	0	NONE	To prepare quarterly 2018/19 GRAP compliant asset register 30June 2019	R 0.00	The 2017/18 GRAP compliant asset register was prepared	N/A	Asset register was updated quarterly to be GRAP Compliant 30 June 2019	N/A	N/A	Budget and treasury	N/A	Fixed Asset Register
Pg.136	Financial Viability and management	Improve the financial performance of the municipality	GRAP 16 & 17 Asset Register in place	Updating of fixed asset register to reflect all infrastructure and moveable assets within	Number	4	4	0	NONE	To prepare Asset additions Schedules per Quarter	R 0.00	The asset additions schedules and updated asset register we conducted	N/A	Asset additions Schedules were preparedb per Quarter	N/A	N/A	Budget and treasury	N/A	Asset Additions Schedules & Updated Asset Register
Pg.136	Financial Viability and management	Improve the financial performance of the municipality	GRAP 16 & 17 Asset Register in place	Update the investment property register	Number	4	4	0	NONE	To Undertake scheduled inspections of assets on quarterly basis to confirm location of	R 0.00	The scheduled inspections of assets on quarterly basis to confirm location of	N/A	Schedules on asset was prepared and updated quarterly to finalised all by 30 June 2019	N/A	N/A	Budget and treasury	N/A	4 Updated Property Register
Pg.136	Financial Viability and management	Improve the financial performance of the municipality	GRAP 16 & 17 Asset Register in place	Undertake scheduled inspections of assets on quarterly basis to confirm location of assets	Number	4	4	0	NONE	To Undertake scheduled inspections of assets on quarterly basis to confirm location of assets	R 0.00	The target was achieved all asset were verified. The assets physical verification was performed, therefore this	N/A	Inspection Schedules of asset was conducted (verification) on quartely basis and compliant by 30 June 2019	N/A	N/A	Budget and treasury	N/A	Schedule and Asset Inventory Sheets
Page. 120-138	Municipal Good governance	Improve the financial performance of the municipality	To decrease Unauthorized, Irregular, fruitless & wasteful expenditure	Implementati on of compliance checklist	Percent	100% Compliance with SCM processes	0	0	NONE	100% Decrease of irregular, fruitless and wasteful expenditure by 30June 2019	R 0.00	The irregular,fruitl ess and wastefull expenditure was decrease by 35%	N/A	Compliance with 2018/2019 Procurement Requirements for each & every payment was 100% achieved by 30 June 2019	N/A	N/A	Budget and treasury	N/A	Reports on irregular, unauthorised , fruitless & wasteful Expenditure

Pg. 120-138	Infrastructure development and basic service delivery	Improve the financial performance of the municipality	Minimise service delivery distribution losses	Reconciliation of Bulk purchases vs Distributions	Percentage decrease in distribution losses	>12%	>55%	0%	4100/4110/0302/EQSR/NO NE/ADMN	reduce electricity loss to 30% by 30 June 2019	R 0.00	Reduction of electricity loss from 30% to 25% could not be achieved	N/A	Electricity loss were reduced to 30% by 30 June 2019	N/A	N/A	Budget and treasury	N/A	Reconciliation Report on Electricity (Bulk Purchase vs Sales)
Pg.215-219	Municipal transformation and institutional development	To improve institutional efficiency through adequate systems and effective internal controls	Implementation of internship programme with the directorate	Evaluation of the performance of the Interns engaged within the Finance function at the Municipality	Number of evaluation reports	4	4	0	4400/4489/0191/FMGR/NO NE/ADMN	Quarterly Evaluation of the performance of the Interns engaged within the Finance function at the Municipality by 30 June 2019	R 0.00	Financial Interns were evaluated and each intern evaluation report were signed. Therefore target was achieved	N/A	The quarterly evaluation report for each intern signed and reviewed by 30 June 2019	N/A	N/A	Budget and treasury	N/A	Monitoring and Evaluation Report
Pg.94	Municipal Transformation and institutional development	Attain effective and efficient municipal administration	To ensure performance of contracted service provider	Quarterly performance report	Number	4	4	0	NONE	To implement effective contract management through monitoring and evaluation of service providers on	R 0.00	The performance of a service provider was conducted and quarterly performance report were submitted.	N/A	The service provider performance were monitored and evaluated on quarterly basis and four reports prepared by	N/A	N/A	Budget and treasury	N/A	quarterly performance report of contracted service provider to council
Pg.104	Good governance and public participation	To create a conducive environment for socio-economic growth	Reported SCM Performance	Submit quarterly reports to the Municipal Manager and the Mayor regarding the functioning of	Number of Reports	4	4	0	NONE	Submit (4) quarterly reports to the Municipal Manager and the Mayor regarding the functioning of	R 0.00	The four SCM reports were submitted to MANCO and EXCO and finance portfolio. Therefore this	N/A	4 quarterly report was sent to EXCO by 30 June 2019	N/A	N/A	Budget and treasury	N/A	SCM Quarterly Reports
Pg.104	Local economic development and social development	To create a conducive environment for socio-economic growth	To provide the business to local businesses through supply chain processes	Number of business provided to local people	Number	20	20	0	4400/4403/0191/EQSR/NO NE/WMUN	To provide the business to 20 local businesses through supply chain processes by	R 0.00	The more than 20 local businesses were provided with jobs through supply chain	N/A	20 local business were provided with jobs through supply chain by 30 June 2019	N/A	N/A	Budget and treasury	N/A	SCM Quarterly Reports

Pg.120	Good governance and public participation	Attain effective and efficient municipal administration	To review finance related policies annually and Maintenance of unqualified report	Adoption of all finance related policies	Date of review	31 May 2019	31-May-18	0	NONE	To review finance related policies annually and maintain unqualified report for the year 2017/2018	R 0.00	6 finance policies ( Tarrif,property y rates,credit control ,cash management, funding and reserve,supply chain,indigent were reviewed by 31 May 2018The unqualified audit opinion was maintained with lesser audit findings as compared to a previous year report	N/A	The unqualified audit opinion was maintained and 6 finance policies ( Tarrif,property y rates, credit control ,cash management, funding and reserve, supply chain, indigent were reviewed by 31 May 2019	N/A	N/A	Budget and treasury	N/A	Council Resolution
Pg.145 Ref14.6	Cross cutting interventions	Attain effective and efficient municipal administration	To prevent internal fraudulent activities	Number of fraud prevention campaign	Number	1	1	0	NONE	To conduct one fraud prevention awareness campaign by 31 December 2018	R 0.00	Two Fraud prevention awareness was conducted together with risk	N/A	The target was achieved,the antifraud awareness was conducted by	N/A	N/A	Budget and treasury		Attendance register or posters
<b>TEC</b>																			
<b>1.</b>																			
	Financial Viability and management	Improve the financial performance of the municipality	1.1 To ensure the proper financial management	Preparation and submission of Departmental procurement plan	Date	31-Aug-18	31-Aug-17	R 0.00	N/A	Preparation and submission of departmental procurement plan by 31 August 2018	R 0.00	Departmental procurement plan was prepared and submitted by 31 August 2017	N/A	Procurement plan was prepared and submitted by 31 August 2018	N/A	N/A	Technical service	N/A	Procurement plan submitted
	Financial Viability and management	Improve the financial performance of the municipality	1.1 To ensure the proper financial management	Number of departmental meetings held	Number	4	4	R 0.00	N/A	Four departmental meetings held by 30 June 2019	R 0.00	Four department meetings were held on quarterly basis	N/A	The Quartely departmental meetings were held by 30 June 2019	N/A	N/A	Technical service	N/A	Attendance register
<b>2.</b>																			
	Financial Viability and management	Improve the financial performance of the municipality	2.1 To ensure financial management	Monthly financial reporting	%	100%	100%	R 0.00	4400/4495/0302/MIGR/NO NE/ADMIN	ensure 100% expenditure on all capital transfers by 30 June 2019	R 39 795 000.00	100% expenditure to all capital transfers was made by 30 June 2018	N/A	100% expenditure on all capital transfers was achieved by 30 June 2019	N/A	N/A	Technical service	N/A	Expenditure report

	Financial Viability and management	Improve the financial performance of the municipality	2.1 To ensure financial management	Monthly financial reporting	%	100%	100%	R 0.00	4400/4495/0302/MIGR/NO NE/ADMIN	ensure 100% expenditure on all capital transfers by 30 June 2019	R 39 795 000.00	100% expenditure to all capital transfers was made by 30 June 2018	N/A	100% expenditure on all capital transfers was achieved by 30 June 2019	N/A	N/A	Technical service	N/A	Expenditure report
	Municipal Transformation and institutional development	To improve service delivery and the image of the municipality	2.2 To ensure performance of contracted service provider	Quarterly Performance Report	Number	4	4	0	N/A	To implement effective contract management through monitoring and evaluation for	R 0.00	The Performance of service providers was evaluated and monitored on quarterly basis	N/A	The service provider performance were evaluated and monitored on quarterly basis and four	N/A	N/A	Technical service	N/A	quarterly performance report of contracted service providers
3- ELECT																			
	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	3.1 To attend & resolve all electricity faults reported in Nkandla Town	% of households electricity faults resolved within 24hrs subject to the extent of the fault	%	100%	100%	0%	3800/3830/0302/EQSR/NO NE/ADMIN	100% attendance to electricity faults reported in Nkandla town on quarterly basis	R 0.00	100% electricity faults report in Nkandla town were attended	N/A	100% of attendance to electricity faults reported in Nkandla town was done by 30 June 2019	N/A	N/A	Technical service	5	report of faults attended to.
	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	3.2 To attend all faulty streetlights in town	% of street lights attended to within 48hrs	%	100%	100%	0%	3800/3890/0302/EQSR/NO NE/ADMIN	100% attendance to all faulty streetlights in town on quarterly basis	R 0.00	All faulty streetlight in town were attended 100%	N/A	100% attendance to all faulty streetlights in town was achieved by 30 June 2019	N/A	N/A	Technical service	5	report of faults attended to.
	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	3.3 To maintain and service Town Electricity Infrastructure	service and replace faulty transformers	Number	2	6 Transformers	0	3800/3830/0302/EQSR/NO NE/ADMIN	Replace 2 Transformers by 30 June 2019	R 225 000.00	6 transformers were replaced by 30 June 2018	N/A	2 transformers were replaced by 30 June 2019	N/A	N/A	Technical service	5	requisition, service report
	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To have completed Self Built Electrification Projects	Date connection completed	Date	30-Jun-19	0	0	3800/3890/0302/EQSR/NO NE/ADMIN	Construction of Ntshiza Self-Built Electrification by 30 June 2019	R 3 000 000.00	N/A	N/A	ENTshiza Self-Built Electrification was constructed and completed by 30 June 2019	N/A	N/A	Technical service	8	Close out report and final completion certificate
	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To have completed Self Built Electrification Projects	Date connection completed	Date	30-Jun-19	0	0	3800/3890/0302/EQSR/NO NE/ADMIN	Construction of Nhloshane Self-Built Electrification by 30 June 2019	R 5 000 000.00	N/A	N/A	Nhloshane Self-Built Electrification was constructed and completed by 30 June 2019	N/A	N/A	Technical service	9	Close out report and final completion certificate
	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To have completed Self Built Electrification Projects	Date connection completed	Date	30-Jun-19	0	0	3800/3890/0302/EQSR/NO NE/ADMIN	Construction and completion of Masolosolo electrification by 31 September 2018	R 700 000.00	N/A	N/A	Masolosolo/Dloliwane electrification was completed by 31 September 2018	N/A	N/A	Technical service	10	Close out report and final completion certificate

	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To have completed Self Built Electrification Projects	Date connection completed	Date	30-Jun-19	0	0	3800/3890/0302/EQSR/NO NE/ADMIN	Construction and completion of Thaleri/Vimbimbo self built electrification by 30 June 2019	R 3 000 000.00	N/A	N/A	Thaleri/Vimbimbo Self-Built Electrification was constructed by 30 June 2019	N/A	N/A	Technical service	3	Close out report and final completion certificate
	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To have completed Self Built Electrification Projects	Date connection completed	Date	30-Sep-18	0	0	3800/3890/0302/EQSR/NO NE/ADMIN	Construction and completion Makhanyezi electrification by 30 September 2018	R 300 000.00	N/A	N/A	Makhanyezi electrification was completed by 30 September 2018	N/A	N/A	Technical service	7	Close out report and final completion certificate
	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To have completed Self Built Electrification Projects	Date connection completed	Date	30-Sep-18	0	0	3800/3890/0302/EQSR/NO NE/ADMIN	Construction and completion Ezijibeni electrification by 30 September 2018	R 300 000.00	N/A	N/A	Ezijibeni Electrification was completed by 30 September 2018	N/A	N/A	Technical service	9	Close out report and final completion certificate
	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To have completed Self Built Electrification Projects	Date connection completed	Date	30-Sep-18	0	0	3800/3890/0302/EQSR/NO NE/ADMIN	Construction and completion of Vumanhlanvu /Mandaba /Zintinini electrification by 30 September 2018	R 800 000.00	N/A	N/A	Vumanhlanvu electrification was completed by 30 September 2018	N/A	N/A	Technical service	6	Close out report and final completion certificate
	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To have completed Self Built Electrification Projects	Date connection completed	Date	30-Jun-19	0	0	3800/3890/0302/EQSR/NO NE/ADMIN	Construction and completion of Mvutshini-Malunga-Bhacane Self-Built Electrification by 30 June 2019	R 4 000 000.00	N/A	N/A	Mvutshini-Malunga-Bhacane Self-Built Electrification was constructed and completed by 30 June 2019	N/A	N/A	Technical service	8	Close out report and final completion certificate
4. ROAD																			
Pg.189 Ref.1.6	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	4.1. maintenance of roads and storm water network to urban and residential roads	Number of km roads maintained	km	3.5 km	3.5 km	3km	3800/3860/0302/EQSR/NO NE/ADMIN	To maintain 3.5KM Residential Roads by 30 June 2019	R 628 002.83	Above 3.5KM Residential Roads maintained by 30 June 2018	N/A	3.5 KM Residential Roads were maintained by 30 June 2019	N/A	N/A	Technical service	5	Maintenance Report.



Pg.189 Ref.1.6	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	4.3 To Requisite for the appointment of service provider to provide and operate the plant for the maintenance of rural roads upgrade	Date of the appointment of the Service provider	Date	30-Sep-18	30-Jun-17	0	Nil	Facilitate the appointment of the Service provider by 30 September 2018 to provide and operate grader	R 0.00	Appointment of Service provider to provide and operate grader was facilitated by 30 December 2017	N/A	Appointment of service providers to provide and operate grader was facilitated and finalised by 30 September 2018	N/A	N/A	Technical service	N/A	construction progress report
Pg.189 Ref.1.6	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	4.4 To maintain gravel roads in all wards through RRUP	Number of kms and maintained	Km	99 km	50	250km	4400/4432/0302/EQSR/NO NE/ADMIN	To maintain 99 km roads around Nkandla Municipality by 30 June 2019	R 1 950 000.00	More than 50km roads around nkandla were well maintained by 30 June 2018	N/A	99 km roads around Nkandla Municipality were maintained by 30 June 2019	N/A	N/A	Technical service	N/A	progress report
<b>TAL PROJECTS</b>																			
Pg.189 Ref.1.6	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	5.2 To requisite for the appointment of service providers for the implementation of MIG projects	Date of requisited for the appointed service providers for the construction of the following project	Date	30-Jun-19	0	0	4400/4495/0302/MIGR/NO NE/ADMIN	Facilitate the appointment of the PMU Service Provider for the Implementation of MIG Capital Projects by 30 June 2019	R 0.00	The appointment of the PMU service provider for the implementation of the MIG capital projects was completed in quarter 1 (30 Sept 2018)	N/A	The appointment of the PMU service provider was conducted and The MIG projects through PMU were effected managed and administered by 30 June 2019	N/A	N/A	Technical services	3,5,4,6,7,8,9	PMU Quarterly reports .
Pg.189 Ref.1.6	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To implement MIG Projects by 2018/2019	Date of completion of Implementation of the Capital Projects:	Date	30-Jun-19	0	0	4400/4495/0302/MIGR/NO NE/ADMIN	Construction and completion of Nhloshane CSC/Mfongosi CSC by commencing site establishment by 31 June 2019	R 3 333 333.03	The site establishment has been done and the Construction of Nhloshane/Mfongosi CSC is 70% will be completed by 31 December	N/A	The construction of Nhloshane/Mfongosi has started. The site establishment and construction by 30 June			Technical service	9	progress report
Pg.189 Ref.1.6	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To implement MIG Projects by 2018/2019	Date of completion of Implementation of the Capital Projects:	Date	30-Jun-19	0	0	4400/4495/0302/MIGR/NO NE/ADMIN	70 % Construction and completion of Nhlababab CSC by 30 June 2019	R 2 566 038.35	Nhlababab CSC is at 65% construction	The project delayed by ESKOM to relocate poles from the site	The Nhlababab CSC has been constructed and completed by 30 June 2019			Technical service	7	Close out report and final completion certificate

Pg.189 Ref.1.6	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To implement MIG Projects by 2018/2019	Date of completion of Implementation of the Capital Projects:	Date	30-Jun-19	0	0	4400/4495/0302/MIGR/NO NE/ADMIN	Construction of Khabela CSC ward 3 by 30 June 2019	R 3 333 333.03	N/A	N/A	Construction of Khabela CSC has been completed by 30 June 2019	N/A	N/A		3	Close out report and final completion certificate
Pg.189 Ref.1.6	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To implement MIG Projects by 2018/2019	Date of completion of Implementation of the Capital Projects:	Date	31-Dec-18	0	0	4400/4495/0302/MIGR/NO NE/ADMIN	Construction of Vimbimbobo gravel access road by 31 December 2018	R 2 638 802.10	The appointment of contractor and site establishment for the construction of	N/A	Construction of Vimbimbobo gravel access road was completed by 31 December 2018	N/A	N/A	Technical service	3	Close out report and final completion certificate
Pg.189 Ref.1.6	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To complete 2017-18 fy rollover projects	Date of completion of Implementation of the Capital Projects:	Date	31-Dec-18	0	0	4400/4495/0302/MIGR/NO NE/ADMIN	Completion of Ezindumeni Gravel Access Road by 30 September 2018	R 616 624.80	The project of ezindumeni gravel access road has been completed by 30 June 2018.	N/A	Ezindumeni project was completed and retention of the contractor was released by 31 December 2018	N/A	N/A	Technical service	2	Close out report and final completion certificate
Pg.189 Ref.1.6	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To implement MIG Projects by 2018/2019	Date of completion of Implementation of the Capital Projects:	Date	30-Jun-19	0	0	4400/4495/0302/MIGR/NO NE/ADMIN	Construction of Mabhuquni by 30 June 2019	R 3 333 333.03	N/A	N/A	Construction of Mabhuquni CSC was not achieved by 30 June 2019	The project is a multi year project. Phase two will be completed 31 September 2019	The project is a multi year project. Phase two will be completed 31 September 2019	Technical service	2	Appointment letter, progress report and pictures
Pg.189 Ref.1.6	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To implement MIG Projects by 2018/2019	Date of completion of Implementation of the Capital Projects:	Date	30-Jun-19	0	0	4400/4495/0302/MIGR/NO NE/ADMIN	Construction of Nkungumathe sport centre by 30 June 2019	R 5 055 518.40	N/A	N/A	Construction of Nkungumathe sports centre was not achieved by 30 June 2019	The project was delayed by the community protest	All the differences with the community has been resolved and the project will be completed by 31 December 2019	Technical service	1	Appointment letter and progress report
Pg.189 Ref.1.6	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To implement MIG Projects by 2018/2019	Date of completion of Implementation of the Capital Projects:	Date	31-Mar-19	0	0	4400/4495/0302/MIGR/NO NE/ADMIN	Construction and completion of Nkethabaweli Link Road by 31 March 2019	R 1 805 767.51	Nkethabaweli phase 2 road was not completed. The failed to construct while the project was at 30%	Delayed by the termination of Contractor who was not performing to a required standard of contract signed with a municipality.	Construction & completion of Nkethabaweli Link Road was not achieved by 31 March 2019	The project delayed by heavy rains flooded the material on site	The project will be monitored closely to be completed by 31 September 2019	Technical service	3	pictures and construction progress report

Pg.189 Ref.1.6	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To implement MIG Projects by 2018/2019	Date of completion of Implementation of the Capital Projects:	Date	30-Jun-19	0	0	4400/4495/0302/MIGR/NO NE/ADMIN	Construction of Mtshwili Community hall by 30 June 2019	R 2 000 000.00	N/A	N/A	Mtshwili community hall was Constructed and completed by 30 June 2019	N/A	N/A	Technical service	11	Appointment letter, progress report and pictures
	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To implement MIG Projects by 2018/2019	Date of completion of Implementation of the Capital Projects:	Date	30-Jun-19	0	0	4400/4495/0302/MIGR/NO NE/ADMIN	Construction of Amazondi Community hall ward 2 by 30 June 2019	R2 000 000	N/A	N/A	Amazondi community hall was Constructed and completed by 30 June 2019	N/A	N/A	Technical service	3	Appointment letter, progress report and pictures
	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To implement MIG Projects by 2018/2019	Date of completion of Implementation of the Capital Projects:	Date	30-Jun-19	0	0	4400/4495/0302/MIGR/NO NE/ADMIN	Construction of Chwezi CSC ward 3 by 30 June 2019	R 2 666 666.67	N/A	N/A	Chwezi CSC was constructed is at 80% towards completion by 30 June 2019	N/A	N/A	Technical service	1	Appointment letter, progress report and pictures
	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To implement MIG Projects by 2018/2019	Date of completion of Implementation of the Capital Projects:	Date	30-Jun-19	0	0	4400/4495/0302/MIGR/NO NE/ADMIN	construction of Mathiya Community hall by 30 June 2019	R 2 000 000.00	N/A	N/A	Emathiya Community hall was constructed and completed by 30 June 2019	N/A	N/A	Technical service	11	Appointment letter, progress report and pictures
Pg.189 Ref.1.6	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To implement MIG Projects by 2018/2019	Date of completion of Implementation of the Capital Projects:	Date	30-Jun-19	0	0	4400/4495/0302/MIGR/NO NE/ADMIN	Construction and completion of Nhloshane CSC by 30 June 2019	R 3 333 333.03	N/A	N/A	Nhloshane CSC was constructed and completed by 30 June 2019	N/A	N/A	Technical service	3	Appointment letter, progress report and pictures
	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To implement MIG Projects by 2018/2019	Date of completion of Implementation of the Capital Projects:	Date	30-Jun-19	0	0	4400/4495/0302/MIGR/NO NE/ADMIN	construction of Zungeni Community hall by 30 June 2019	R 2 000 000.00	N/A	N/A	Zungeni community hall was constructed and completed by 30 June 2019	N/A	N/A	Technical service	5	Appointment letter, progress report and pictures
MANAGEMENT																			
	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To maintain hygiene and healthy living by ensuring removal of refuse on a regular basis	A number of truckloads of waste disposed in a landfill site	Number	488	488	0	4400/4479/0302/EQSR/NO NE/ADMIN	To implement 488 of truckloads of waste disposed in a landfill site by 30 June 2019	R 800 000.00	488 truckloads of waste were disposed in a landfill site	N/A	488 of truckloads of waste disposed in a landfill site by 30 June 2019	N/A	N/A	Technical service	5 and Nodal Areas	Delivery schedule and report

	Infrastructure development and basic service delivery	To improve quality of life through social infrastructure development	To conduct waste awareness campaigns	To conduct 4 waste Awareness campaigns in all 4 nodes	number	4	4	0	4400/4479/0302/EQSR/NO NE/ADMIN	To conduct 4 waste Awareness campaigns in all 4 nodes by 30 June 2019		1 waste awareness campaign was conducted	N/A	Four waste Awareness campaigns was conducted in all 4 nodes by 30 June 2019	N/A	N/A	Technical service	5	Attendance register and pictures
HOUSING																			
	Good governance and Public Participation	To improve quality of life through social infrastructure development	To hold housing forum meetings	Number of meetings held	Date	4	4	0	Nil	To hold quarterly meetings by 30 June 2019 starting in January 2019 to June 2019	R 0.00	housing forum meeting was held on monthly basis	N/A	Quarterly Housing forum meetings were held by 30 June 2019	N/A	N/A	Technical service	N/A	Attendance Register.
CROSS CUTTING																			
PLANNING UNIT																			
	Cross cutting interventions	To promote a safe and healthy environment for Nkandla community	To promote orderly developments around Nkandla town.	Date Implemented SPLUMA	Date	30-Jun-19	30-Jun-18	0	Nil	Implementation of SPLUMA by 30 June 2019	0.00	Land audit was conducted around nkandla town boudaries by 30 June 2018	N/A	SPLUMA By-Laws was implemented and land audit was conducted around town boundaries by 30 June 2019	N/A	N/A	Technical service	N/A	Reports on the Implementation of SPLUMA
	Cross cutting interventions	To promote a safe and healthy environment for Nkandla community	To compile quarterly report on the status illegal developments around town	Number of reports of illegal developments around town	Number	4	4	0	Nil	Four Quarterly reports on illegal buildings around Nkandla town by 30 June 2019	0.00	All illegal structure were assessed by 30 June 2018	N/A	Four quarterly Reports on Identified illegal structures was prepared by 30 June 2019		N/A	Technical service	5	Report.
	Cross cutting interventions	To promote a safe and healthy environment for Nkandla community	To make sure that all developments around Nkandla Town are legal.	100% approval of building plans	Number	4	4	0	Nil	100% approved received Building Plans on quarterly basis by 30 June 2019	0	Building plans were approved on quarterly basis	N/A	Quarterly approval of Building plans were approved by 30 June 2019		N/A	Technical service	N/A	Circulation register
WASTE MANAGEMENT																			
Pg.90 Ref.11.5	Good governance and Public participation	To promote a safe and healthy environment for Nkandla community	To review public facility operational plan	To develop public facility operational plan	Date	30-Jun-19	30-Jun-18	0	3800/3850/0507/EQSR/NO NE/ADMN	Reviewed the Public facility operational plan to be adopted by Council by 31 September 2018 and implemented by 30 June 2019	0	Facilities operational plan was adopted by the council by 30 June 2018	N/A	Operational Plan were reviewed and implemented by 30 June 2019	N/A	N/A	Technical service	N/A	Operational Plan for Facilities.

Pg.90 Ref.11. 5	Infrastructure development and basic service delivery	To improve the quality of life through social infrastructure development	To compile quarterly report on the status of Public Facilities	To monitor the functionality of public facilities by compiling quarterly report on the status and functionality of facilities	Number	4	4	0	3800/3850/0507/EQSR/NO-NE/ADMN	4 Facilities Quarterly Reports by 30 June 2019	R 0.00	Status report of facilities was reported on quarterly basis.	N/A	Four Reports on the Status of Facilities were prepared on quarterly basis by 30 June 2019	N/A	N/A	Technical service	N/A	Copy of the Report on the Status of Facilities
Pg.90 Ref.11. 5	Infrastructure development and basic service delivery	To improve the quality of life through social infrastructure development	General supervision and facilitation of facilities use	To generally supervise and facilitate use of facilities	Date	30-Jun-19	30-Jun-18	0		General Supervision and facilitation of facilities use by 30 June 2019	R 0.00	Functionality of facility management committee was monitored by 30 June	N/A	General supervision and facilitation of facilities use were conducted by 30 June 2019	N/A	N/A	Technical service	N/A	Monthly report.
	Infrastructure development and basic service delivery	To improve the quality of life through social infrastructure development	To manage lease agreement	To manage lease agreement	Date	30-Jun-19	30-Jun-18	0	Nil	Signed up-to-date Lease Agreements for new tenants by 30 June 2019	R 0.00	N/A	N/A	Lease agreements for all our rental facilities were signed up by 30 June 2019	N/A	N/A	Technical service	N/A	Signed Register of Lease Agreement signed
	Infrastructure development and basic service delivery	To improve the quality of life through social infrastructure development	To co-ordinate Community Centre meetings	To co-ordinate Community Centre meetings	Number	4	4	0	Nil	To conduct 4 Centre Meetings by 30 June 2019.	R 0.00	N/A	N/A	Quarterly centre meeting were conducted by 30 June 2019	N/A	N/A	Technical service	N/A	Attendance Register and Minutes of the Meeting
	Infrastructure development and basic service delivery	To facilitate and monitor facilities renovation	To renovate, maintain and or repair Municipal Facilities	To renovate, maintain and or repair Municipal Facilities	Number	10 facilities	5	35		Renovation of 10 Facilities by 30 June 2019	R 1 600 000.00	Repairs to Amakhosi hall was completed by 30 June 2018 and Repairs to Mthiyagwa hall was completed by 30 June 2018	N/A	Renovation of 12 facilities was done by 30 June 2019	N/A	N/A	Technical service	N/A	Report on renovations
	Infrastructure development and basic service delivery	To facilitate and monitor the construction of four (4) creches	To complete the construction of four creches	To renovate, maintain and or repair Municipal Facilities	Number	4	2	4		Completion of Ekukhanyeni Creche, Hlanganani Creche, Ekufundeni Creche and Sizoluhle Creche by 31 December 2018	R 400 000.00	2 creches was not completed	Funds were not available due to line item which was not available in Mscosa during budget.	four creches(Ekukhanyeni Creche, Hlanganani Creche, Ekufundeni Creche and Sizoluhle) were constructed by 31 December 2018	N/A	N/A	Technical service	3,4,2	Report on completion of four creches



## ANNEXTURE A :

### 2018/2019 AUDIT COMMITTEE REPORT

The Performance and Audit committee of Nkandla Local Municipality has pleasure in submitting this report to the Council. This report is submitted in terms of the provision of sections 121 (3) (j), 166(2) (b) and 166(2) (c) of the Municipal Finance Management Act of 2003 ("the MFMA") and it covers the activities of the committee for 2018/2019 financial year which is from July 2018 to June 2019.

#### 1. PERFORMANCE AND AUDIT COMMITTEE MEMBERS

The following persons served as members of the Performance and Audit Committee for the year under review.

Mr. B E M Khuzwayo - Chairperson

Mrs B Skosane - Member

Dr.T Nzimakwe – Member

#### 2. PERFORMANCE AND AUDIT COMMITTEE MEETINGS

Section 166(4)(b) of the MFMA requires the audit committee to meet at least four times a year. The following are standing invitees to the Audit Committee meetings; Representative from Office of the Auditor-General (OA-G); Municipal Manager (MM); Chief Financial Officer (CFO); all heads of department, Performance, Risk and Compliance Manager; Internal Audit Service Provider; Representative from Provincial Treasury, COGTA and MPAC Chairperson of Nkandla Local Municipality

The committee met four times in 2018/19 financial year as per the meeting attendance schedule below:

	20/07/2018	22/08/2018	13/12/2018	02/04/2019	20/06/2019
Mr.BEM Khuzwayo	✓	✓	✓	✓	✓
Mrs B Skosane	✓	✓	✓	✓	✓
Dr.T Nzimakwe	✓	✓	✓	✓	✓

#### 3. REPORT ON COMMITTEE RESPONSIBILITIES

Section 166(1)(a) of the MFMA stipulates the responsibilities of the Audit Committee, we have carried out these responsibilities and our report is as follows:

##### 3.1 Risk management

Risk Management is one of the areas where the municipality still has challenges on. In the past we had recommended that a Risk Management committee be established or management should have a standing item in their meetings where they discuss about risk management. Management chose to have an item on the management meetings every time it sits. Our main concern in this area is that there is less improvement in improving controls. Poor management of risk could lead to the municipality not achieving its objectives and also poor audit outcomes.

*We recommend that management should monitor the risk implementation plans.*

##### 3.2 Internal Audit

The Internal audit has compiled the 2018/19 audit plan based on 2018/2019 risk register. The Internal auditor had successfully executed the Audit plan as approved by Audit Committee.

##### 3.3 Monthly Financial Statements

We received monthly financial reports from the Chief Finance Officer in our meetings. Our main concerns in this area were to ensure that management addressed all the issues that were raised by the Auditor-General.

*We also recommended that:*

- Monthly reconciliations of major accounts should be compiled by the chief financial officer
- The chief financial officer should address all the issues raised by the OA-G

### *3.4 Performance management*

The committee commends management's efforts of ensuring that the performance assessments for section 57 employees are conducted. However the committee still has concerns about:

- Non-achievement of targets set
- There are instances that were noted where performance reported is not supported by information on the portfolio of evidence files

*Recommendation*

- During the performance assessment a recommendation was made to management to ensure that the 2019/2020 IDP is aligned to the SDBIP and the Budget for 2019/2020 financial year
- Management should encourage the importance of positive attitude to all staff

### *3.5 Action plan to address O-AG's 2018/2019 findings*

The committee had serious concerns with management's failure to address O-AG's findings in the previous financial year. Our main concerns were:

- Action plans to address O-AG's issues were compiled but the implementation of these plans remains a challenge
- Some of the deadlines for the implementation of plans were moved from one date to the other
- Monitoring of implementation of this action plan has not been adequate

This will lead to similar issues being raised by the OA-G again in the 2019/2020 audit report. Council must note that these issues that the O-AG raised in the previous financial year are the issues/that prevented the municipality from obtaining a clean audit opinion and if they are not addressed, the municipality will not get a clean audit opinion.

*Recommendation*

Council should obtain a report from management on the status of addressing O-AG issues in all council meetings

### *3.6 Governance*

The committee reviewed the action plans provided by management to address the issues raised by the internal auditors, OA-G and the Performance and Audit Committee. We believe that if management commit to implementing these action plans and address all the issues within the specified deadlines, the municipality can easily obtain a clean audit report.

### *3.7 Liquidity*

The committee is concerned about the municipality's liquidity because at the end of the year the municipality had no enough funds to settle their creditors. This was also highlighted when we met for the review of the 2018/2019 AFS and we recommended that a plan be drawn up by management to highlight how they are going to come out of this financial pressure which is negatively affecting its going concern.

We also noted that the municipality does not have enough funds in its bank account increasing debtors balance and increasing electricity losses as this could lead to the municipality not collecting adequate revenue to enable it to settle its financial obligations in 30 days as it is expected as per the MFMA. This could result in the municipality utilizing conditional capital grants to settle its operating expenses and that will negatively affect the completion of projects for which those capital grants were meant.

*Recommendation*

Councilors should:

- review management's action plan to address the cash flow crisis in all council meetings
- Through community and ward committee meetings should encourage communities to settle the bills for municipal services they received from the municipality. We also recommend that management and council should closely monitor the cash flow of the municipality to ensure that the municipality has adequate operating revenue to fund its operational costs.

### 3.8 Clean audit

In order for our municipality to achieve a clean audit opinion, we need to do the following:

- *Political leadership should play their oversight role*
- *Management should address all the issues raised by OA-G in their 2018/2019 audit report and issues raised by the internal auditors*
- *Monthly reconciliations of the financial records should be compiled by the finance staff and reviewed by the chief financial officer.*
- *Management should improve the collection of amounts owed by debtors*

### Conclusion

The committee would also like to reassure its commitment in assisting the council and management to achieve the municipality's objectives of improving service delivery, ensuring sound internal controls, financial management and reporting. We are here to assist the municipality to achieve clean audit opinion!

Yours faithfully

B E M Khuzwayo

On behalf of the AUDIT AND PERFORMANCE COMMITTEE

## ANNEXTURE B:

### NKANDLA MUNICIPALITY OVERSIGHT REPORT

#### Table of Contents

Oversight Committee Members .....	114
Executive Summary.....	115
Background to Annual Report 2018/19 .....	115
Functions of the Municipal Public Accounts Committee (MPAC).....	118
Summary of comments received from stakeholders and Management response thereto.....	118
Checklist for Consideration of the Annual Report .....	121
Conclusions on the annual report of the municipality.....	121
Conclusion.....	121
Resolutions and Statement .....	122

#### ANNEXURES

Annexure 1 - Public Submissions

Annexure 2 - Audit Response Plan 2018/19

Annexure 3 – MPAC Resolution register

#### Oversight Committee Members

COUNCILLORS	POSITION	POLITICAL PARTY
Councillor N.P. N MAGUBANE	CHAIRPERSON	IFP
Councillor N.P MAHAYE	MEMBER	IFP
Councillor T.B NTOMBELA	MEMBER	IFP
Councillor B.B NDIMA	MEMBER	ANC
Councillor L.M.B MSIMANGO	MEMBER	IFP

## Executive Summary

In terms of the Municipal Finance Management Act (Act No 56 of 2003) read in conjunction with Municipal Systems Act (Act No 32 of 2000), each municipality must prepare an Annual Report for each financial year.

The above mentioned acts state that the Annual Report is to:

- a) To provide a record of activities of the municipality or municipal entity during the financial Yea to which the report relates;
- b) To provide a report on performance against the budget of the municipality or municipal entity for that financial year; and
- c) To promote accountability to the local community for the decision made throughout the year by the municipality or municipality entity

**The Draft Annual Report 2018/19 was tabled in Council on 23 January 2020.**

The final step in the reporting process is for Council to consider the Annual Report in the light of the findings contained in an Oversight Report. This is in terms of section 129 of the MFMA.

The Oversight Report is compiled by the Municipal Public Accounts Committee (MPAC) as established by Council.

The MPAC represents a separation of powers between the Executive Committee and the Administration and is aimed at enhancing accountability and good governance.

The Oversight Report is prepared using guidelines prepared by National Treasury as per MFMA Circular no 32. It attempts to address comments and submissions made by the community and stakeholders, as well as the observations and recommendations of the MPAC.

## Background to Annual Report 2018/2019

Section 121 of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) stipulates that “

*1. Every municipality and every municipality entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.*

*2. The purpose of an annual report is-*

*(a) To provide a record of activities of the municipality or municipal entity during the financial year to which the report relates;*

*(b) To provide a report on performance against the budget of the municipality or municipal entity for that financial year; and*

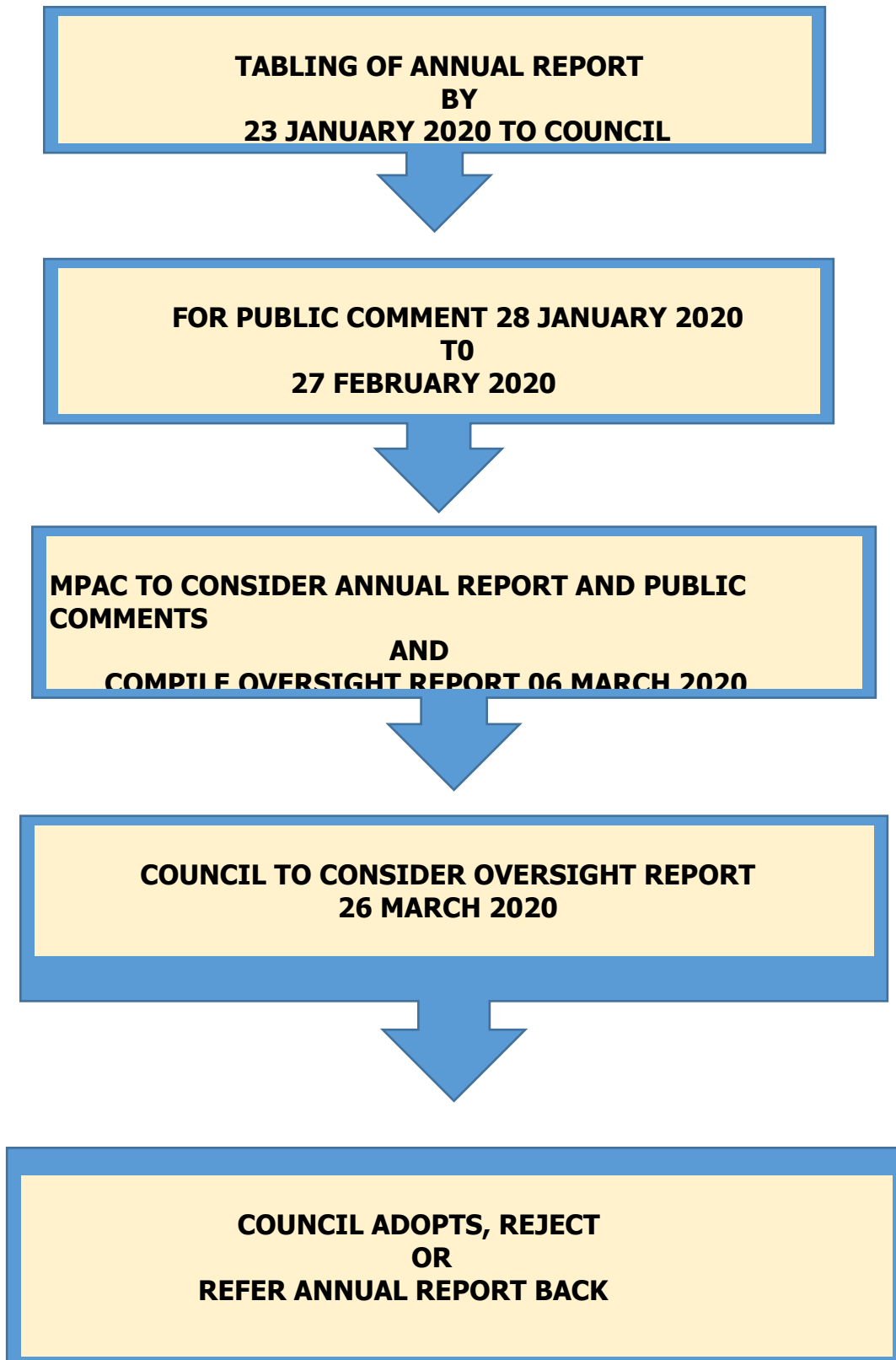
*(c) To promote accountability to the local community for the decision made throughout the year by the Municipality or Municipality entity*

***The annual report of the municipality must include-***

- (a) The annual financial statements of the municipality, and in addition, if section 122 (2) applies, consolidated annual financial statements, as submitted to the Auditor General for audit in terms of section 126 (1);*
- (b) The Auditor General report in terms of section 126 (3) on those financial statements.*
- (c) The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal System Act;*
- (d) The Auditor General's audit report in terms of section 45 (b) of the Municipal Systems An assessment by the Municipality's accounting officer of any arrears on municipal taxes and service charges;*
- (f) An assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17 (3) (b) for revenue collection from each revenue sources and for each vote in the municipality's approved budget for the relevant financial year;*
- (g) Particulars of any corrective action taken or to be taken in response to the issues raised in the audit reports referred to in paragraphs (b) and (d)*
- (h) Any explanation that maybe necessary to clarify issues that in connection with the financial statements;*
- i) Any information as determined by the municipality;*
- (j) Any recommendations of the municipality's audit committee; and*
- (k) Any other information as may be prescribed.*

It is against this background that the annual report for the 2018/2019 financial year was submitted to Council on the 23 January 2020 as follows:-





Accordingly, notice that was published in the Isolezwe Newspaper on 22 January 2020 and 05 February 2020 and in terms of section 21 of the Municipal Systems Act, No 32 of 2000 read with section 127(5) of the Municipal Finance Management Act that the Annual Report was open for comments and/or inputs by the community and stakeholders by the 28 January 2020. The Annual report was also placed at all municipal offices, libraries and the municipal website [www.nkandla.gov.za](http://www.nkandla.gov.za) on 28 January 2020.

### Functions of the Municipal Public Accounts Committee (MPAC)

The functions of the MPAC are to:

- a) Undertake a review and analysis of the Annual Report.
- b) Invite, receive, and consider inputs from Councillors and Portfolio Committees, on the Annual Report.
- c) Consider written comments received on the Annual Report from the public consultation process.
- d) Conduct Public Hearing(s) to allow the local community or any organs of state to make representations on the Annual Report.
- e) Receive and consider Council's Audit Committee views and comments on the annual financial statements and the performance report.
- f) Preparation of the draft Oversight Report, taking into consideration, the views and inputs of the public, representative(s) of the Auditor-General, organs of state, Council's Audit Committee and Councillors.

### Summary of comments received from stakeholders and Management Response thereto

The public comments received is attached as Annexure 1.

Management Response thereto is tabulated as follows:

#### PUBLIC COMMENTS

The following comments were received from the business chamber.

PUBLIC COMMENTS	
COMMENTS/QUESTIONS FROM BUSINESS CHAMBER	MANAGEMENT RESPONSE
The report for the past financial year contains valuable information about the achievements of Council in its endeavours to develop Nkandla as a model local authority. The town upgrades, rhino shopping centre, shop rite shopping centre, parks are well received by business chamber.	Comment is acknowledged with appreciation
The support to SMME's and cooperatives is always appreciated	Comment is acknowledged with appreciation

#### GOVERNMENT STRUCTURES AND OTHER ENTITIES

SUBMISSION BY COGTA	
COMMENT/QUESTION	MANAGEMENT RESPONSE
In complying with section 127(5)(b) of the Municipal finance management act no 56 of 2003 (MFMA) your Municipality has prepared and submitted its Annual Report to COGTA including reports on all aspects of performance against goals set by Council reporting on how the IDP and Budget were implemented for the year	Noted with Appreciation.

<p>The Department has analysed your annual report and has found that the following were not disclosed in terms of sections 121 (3) and (4) 123 of the MFMA and section 46 of the Local Government Municipal Systems Act (No 32 of 2000) (MSA).</p> <ul style="list-style-type: none"> <li>• Development of Service delivery priorities and performance targets set for the next financial year,MSA 46(1)(a)</li> <li>• Recommendation of Audit Committee, MFMA121(3)(1)</li> <li>• Long term contracts and public private partnership</li> <li>• Revenue collection performance by source</li> <li>• Disclosure of financial interest</li> <li>• Capital expenditure- new assets programme</li> <li>• Ward reporting</li> <li>• Declaration of returns not made in due time under MFMA sec 71</li> <li>• Service connection backlogs at school and clinics</li> <li>• Service backlogs experienced by the community where another sphere of government is responsible for service provision.</li> <li>• Assessment of performance of Service Provider-Measures to address poor performance have not been indicated.</li> </ul>			<p>The comments from Cogta will be considered and the annual report will be revised accordingly.</p> <p>The Audit committee recommendations, Revenue collection performance by source and assessment of the service provider with long term contracts were already included and the other remaining issues will be included.</p>
<p>In terms of section 123 and 124 the following AFS disclosure were omitted: Statement by the accounting officer that the salaries, allowance and benefits above are in accordance with the framework in section 219 of the Constitution Delays or withholding of funds in terms of Dora,MFMA section 123(1)(a) Particulars of non -compliance with the MFMA sec 125(2)(e)</p>			<p>The comments from Cogta were considered and the report will be revised accordingly.</p>
<p>The Municipality is required to incorporate all outstanding information in to the Final Annual Report and oversight Report which is required in terms of section 129 of the MFMA together with a statement indicating whether the council</p> <ol style="list-style-type: none"> <li>a) Has approved the annual report with or without reservations</li> <li>b) Has rejected the Annual report or</li> <li>c) Has referred the annual report back for revision of those components that can be revised.</li> </ol>			<p>Oversight report. With Relevant changes will be made to the Annual Report prior to council approval.</p>
<b>SUBMISSION BY AUDITOR GENERAL</b>			
<p>The APR that was sent on the 28 November 2019 (Line 163 to 165) does not agree to the APR on the Annual report ( page 107) for the following projects.</p>			<p>The comments from AG are noted and the changes has bee made to an annual report</p>
<b>Annual performance report on the Annual Report</b>	<b>Annual performance report (sent on the 28 November 2019</b>	<b>line number</b>	
Construction Mabhuqwini CSC has been completed by 30 June 2019	Construction of Mabhuqwini CSC was not achieved by 30 June 2019	Line 163	
Construction of Nkungumathe sports centre is in progress at 40% by 30 June 2019	Construction of Nkungumathe sports centre was not achieved by 30 June 2019	Line 164	
100% Construction & completion of Nkethabaweli Link Road was conducted by 31 March 2019	Construction & completion of Nkethabaweli Link Road was not achieved by 31 March 2019	Line 165	

## MUNICIPAL COMMITTEES COMMENTS

SUBMISSION BY PORTFOLIO COMMITTEES	
COMMENT/QUESTION	MANAGEMENT RESPONSE
The annual report depicts all the activities performed by the Municipality in 2018/2019 financial year	Noted with Appreciation
SUBMISSION BY AUDIT COMMITTEES	
COMMENT/QUESTION	MANAGEMENT RESPONSE
<ul style="list-style-type: none"> <li>The Audit Committee is concerned about material adjustment on the financial statements and suggest that the Monthly reconciliations of the financial records should be compiled by the finance staff and reviewed by the chief financial officer. The municipality must begin to do the quarterly financial statements to avoid the repeated finding.</li> <li>Management should improve the collection of amounts owed by debtors. Through community and ward committee meetings should encourage communities to settle the bills for municipal services they received from the municipality. We also recommend that management and council should closely monitor the cash flow of the municipality to ensure that the municipality has adequate operating revenue to fund its operational costs</li> </ul>	A plan to eliminate repeated finding of material adjustment on financial statement is currently implemented. The consultant is currently transferring the skills

The MPAC had its meeting on the 06 March 2020

## Checklist for consideration of the Annual Report

### Information required to be included in annual reports

ITEM	RESPONSIBLE PERSON	INCLUDED/NOT INCLUDED
The annual financial statements of the municipality,	CFO	Included
The Auditor General report	Municipal Manager	Included
The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal System Act;	Municipal Manager	Included
Particulars of any corrective action taken or to be taken in response to the issues raised in the audit reports	Municipal Manager	Included
Recommendations of the audit committee in relation to the AFS and the audit report of the municipality and its entities Included in Annual Report	CFO	Included
Any explanation that maybe necessary to clarify issues that are in connection with the financial statements;	CFO	Included

## Conclusions on the annual report of the municipality

The MPAC acknowledges with appreciation the improvement in the quality of annual reporting made by the management. As indicated in the Checklist for Annual Report as issued by Audit Committee and included in this report, the MPAC is also pleased to note that all components of the Annual Report are included as is required in terms of section 121(3) of the MFMA as follows :-

- The annual financial statements of the municipality,*
- The Auditor General report*
- Report of the Audit Committee*
- The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal System Act;*

- e) *The Auditor General's audit report in terms of section 45 (b) of the Municipal Systems Act.*
- f) *An assessment by the municipality 's accounting officer of any arrears on municipal taxes and service charges;*
- g) *Particulars of any corrective action taken or to be taken in response to the issues raised in the audit reports*
- h) *Any explanation that maybe necessary to clarify issues that are in connection with the financial statements;*

It appreciated that the Municipality have done its best in so far as it related to service delivery, the Municipality has received an unqualified audit opinion with other matters from the Auditor-General for five consecutive years however the municipality need to proceed and obtain clean audit.

The findings by the Auditor-General and management response thereto, as per Annexure 2 of this report, are noted. It is imperative that the Audit Response Action Plan is monitored by all relevant governance structures including the MPAC on a regular basis.

The Committee also acknowledges the advisory role played by the Audit Committee and COGTA and a support to the Administration.

In so far as maintaining a healthy cash flow is concerned, the MPAC proposes to Management and EXCO to **apply cost cutting measures** without compromising on service delivery standards.

The MPAC also congratulates the Mayor, Executive Committee and Management and all officials for tirelessly ensuring progressive service delivery by completing many infrastructure and social development projects to improve the lives of the previously disadvantaged communities.

## Conclusion

The Committee thanks the Speaker of the Nkandla Municipality, Councillors, the Mayor, Municipal Manager, the management team, the Auditor General, and COGTA , for their support and co-operation throughout the year.

The Committee strongly believes that Nkandla Municipality and its citizens will realize substantial and tangible benefits if a similar process is consistently followed in the following years. The Committee is grateful for the opportunity to be of service to Nkandla Municipality and its citizens.

## Resolutions and Statement

### Resolved to Recommend:-

a) That in terms of section 129 of the Local Government: Municipal Finance Management Act 56 of 2003, the Council having fully considered the Annual Report of the Nkandla Municipality and the municipal entity. The Council approves the Annual Report of the Nkandla Municipality for the 2017/18 Financial Year with the following reservations:-

i) As disclosed in notes 6 and 7 to the financial statements, receivables from exchange and non-exchange transactions were impaired by R18, 533 million (2018: R17, 536 million) respectively as result of the annual review of the recoverability of the debt. Data cleansing need to be done and The Municipality need to engage on a radical revenue collection on electricity, rentals and rates

ii) As disclosed in note 45 to the financial statements, material electricity losses to the amount of R2.896 million (2018: R3.988 million) were incurred which represents 26.80% (2018 -16.3%) of the total electricity purchased were incurred as a result of technical losses due to distribution losses while non-technical losses were due to illegal electricity connections. More needs to be done to eliminate such losses which affect municipal cash flow.

Regular progress reports must be submitted to relevant governance structures, including MPAC. **This should be a standing item on all relevant committee agenda going forward.**

SIGNATURE OF CHAIRPERSON : \_\_\_\_\_

## **AUDITED ANNUAL FINANCIAL STATEMENT**

### **General Information**

Mayor	<p>CLlr AT Ntuli - Mayor</p> <p>CLlr NFJ Nzuza - Deputy Mayor CLlr SO Sibiya - Speaker</p> <p>CLlr BB Dlomo - Exco Member</p> <p>CLlr BZ Mncadi-Mpanza - Exco Member CLlr NR Xulu - Exco Member</p>
Councillors	<p>CLlr TP Mncube</p> <p>CLlr NP Mahaye</p> <p>CLlr MBE Ntombela</p> <p>CLlr ZM Mbeje</p> <p>CLlr TF Nxumalo</p> <p>CLlr PR Dlamini CLlr JB Ntuli</p> <p>CLlr FK Magubane</p> <p>CLlr TB Mbuyisa</p> <p>CLlr LM Msimango</p> <p>CLlr BB Ndimma</p> <p>CLlr PJ Buthelezi</p> <p>CLlr NPN Magubane - MPAC Chairperson</p> <p>CLlr TB Ntombela</p> <p>CLlr AS Skhakhane</p> <p>CLlr SV Lushozi</p> <p>CLlr BS Mbambo</p> <p>CLlr NP Zulu</p> <p>CLlr DB Mpungose</p> <p>CLlr NW Gasa</p> <p>CLlr NS Khumalo</p>

### **1.1 GRADING OF LOCAL AUTHORITY**

2

<b>Accounting Officer</b>	Mr LS Jili
<b>Chief Finance Officer (CFO)</b>	Mr S Ntombela
<b>Registered office</b>	Private Bag x 161 Nkandla 3855
<b>Business address</b>	Maree Road, Lot 292 Nkandla
<b>Bankers</b>	FNB
<b>Auditors</b>	Auditor General of South Africa



## Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

<b>ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL</b>	<b>125</b>
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>126</b>
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>	<b>127</b>
<b>STATEMENT OF CHANGES IN NET ASSETS</b>	<b>128</b>
<b>CASH FLOW STATEMENT</b>	<b>129</b>
<b>STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS</b>	<b>130-131</b>
<b>ACCOUNTING POLICIES</b>	<b>132-147</b>
<b>NOTES TO THE ANNUAL FINANCIAL STATEMENTS</b>	<b>148-176</b>

GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
INEP	Intergrated National Electrification Programme
CIGFARO	Chartered Institute of Government Finance, Audit & Risk Officers

## Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2020 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 4.

I also certify that salaries, allowances and benefits of Councilors, loans made to Councilors, if any, and payments made to Councilors for loss of office as disclosed in the Annual Financial Statements below are within the upper limits of the framework envisaged in Section 219 of the Constitution, read in conjunction with the Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out on page 54, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2019 and were signed by:

---

**MR LS JILI ACCOUNTING  
OFFICER**

## Statement of Financial Position as at 30 June 2019

		2019	2018
	Note(s)	R	Restated* R
<b>Current Assets</b>			
Receivables from non-exchange transactions	7	5,473,650	2,968,586
VAT receivable	9	1,846,453	1,391,158
Receivables from exchange transactions	6	8,701,509	7,183,088
Cash and cash equivalents	10	5,267,911	1,512,771
		<b>21,289,523</b>	<b>13,055,603</b>
<b>Non-Current Assets</b>			
Investment property	3	4,738,039	4,969,528
Property, plant and equipment	4	316,043,617	302,700,037
Intangible assets	5	451,247	657,254
		<b>321,232,903</b>	<b>308,326,819</b>
<b>Total Assets</b>		<b>342,522,426</b>	<b>321,382,422</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	13	26,541,566	18,206,546
Unspent conditional grants and receipts	11	4,941,760	1,742,146
Provisions	12	17,570	51,207
		<b>31,500,896</b>	<b>19,999,899</b>
<b>Non-Current Liabilities</b>			
Provisions	12	7,620,389	7,272,115
<b>Total Liabilities</b>		<b>39,121,285</b>	<b>27,272,014</b>
<b>Net Assets</b>		<b>303,401,141</b>	<b>294,110,408</b>
Accumulated surplus		303,401,141	294,110,408

## Statement of Financial Performance

		2019	2018
	Note(s)	R	Restated* R
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	14	13,775,423	10,449,201
Rental of facilities and equipment	15	1,211,204	973,611
Interest on consumer debtors	16	1,324,803	1,303,432
Other income	17	916,800	953,806
Interest received - investment	18	1,428,471	834,708
<b>Total revenue from exchange transactions</b>		<b>18,656,701</b>	<b>14,514,758</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	19	24,792,323	20,776,805
<b>Transfer revenue</b>			
Government grants & subsidies	20	124,853,386	112,350,301
Other Income	21	178,276	121,499
<b>Total revenue from non-exchange transactions</b>		<b>149,823,985</b>	<b>133,248,605</b>
<b>Total revenue</b>		<b>168,480,686</b>	<b>147,763,363</b>
<b>Expenditure</b>			
Employee related costs	22	(47,794,501)	(44,207,872)
Remuneration of councillors	23	(9,421,810)	(8,973,444)
Depreciation and amortisation	24	(17,465,991)	(14,352,141)
Lease rentals on operating lease	30	(4,195,033)	(3,921,995)
Debt Impairment	25	(1,560,116)	(3,058,084)
Bulk purchases - Electricity	26	(11,087,107)	(11,075,818)
Contracted services	27	(11,464,387)	(8,440,383)
General Expenses	28	(56,492,602)	(45,098,899)
<b>Total expenditure</b>		<b>(159,481,547)</b>	<b>(139,128,636)</b>
<b>Operating surplus</b>		<b>8,999,139</b>	<b>8,634,727</b>
Surplus or (Loss) on disposal of assets		354,650	67,998
Assets written-off		(63,056)	(297,864)
		<b>291,594</b>	<b>(229,866)</b>
<b>Surplus for the year</b>		<b>9,290,733</b>	<b>8,404,861</b>

## Statement of Changes in Net Assets

	Accumulated surplus	Total net assets
	R	R
<b>Balance at 01 July 2017</b>		
Changes in net assets		
Prior period errors	(52,159,007)	(52,159,007)
Net income (losses) recognised directly in net assets	(52,159,007)	(52,159,007)
Surplus for the year	8,404,861	8,404,861
Total recognised income and expenses for the year	(43,754,146)	(43,754,146)
Total changes	(43,754,146)	(43,754,146)
<b>Restated* Balance at 01 July 2018</b>	<b>294,110,408</b>	<b>294,110,408</b>
Changes in net assets		
Surplus for the year	9,290,733	9,290,733
Total changes	9,290,733	9,290,733
<b>Balance at 30 June 2019</b>	<b>303,401,141</b>	<b>303,401,141</b>
Note 35		

## Cash Flow Statement

		2019	2018
	Note(s)	R	Restated* R
<b>Receipts</b>			
Sale of goods and services		36,610,797	33,670,536
Grants		128,053,000	112,101,843
Interest income		1,428,471	834,708
		<b>166,092,268</b>	<b>146,607,087</b>
<b>Payments</b>			
Employees costs and councillors		(57,302,015)	(52,400,086)
Suppliers		(74,954,631)	(73,462,081)
		<b>(132,256,646)</b>	<b>(125,862,167)</b>
<b>Net cash flows from operating activities</b>	31	<b>33,835,622</b>	<b>20,744,920</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(30,435,133)	(20,039,084)
Proceeds from sale of property, plant and equipment	4	354,650	-
<b>Net cash flows from investing activities</b>		<b>(30,080,483)</b>	<b>(20,039,084)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,755,139</b>	<b>705,836</b>
Cash and cash equivalents at the beginning of the year		1,512,771	806,935
<b>Cash and cash equivalents at the end of the year</b>	10	<b>5,267,910</b>	<b>1,512,771</b>



## Statement of comparison of budget and actual amounts

	Approved Budget	Adjustment budget	final budget	Actual on comparable basis and Actual	amounts Difference between final budget	Reference
	R	R	R	R	R	
<b>1.1 STATEMENT OF FINANCIAL PERFORMANCE REVENUE</b>						
<b>Revenue from exchange transactions</b>						
Service charges	14,226,000	-	14,226,000	13,775,423	(450,577)	
Rental of facilities and equipment	906,000	-	906,000	1,211,204	305,204	1
Interest on consumer debtors	1,300,000	-	1,300,000	1,324,803	24,803	2
Other income	424,000	(33,000)	391,000	916,800	525,800	3
Interest received - investment	900,000	-	900,000	1,428,471	528,471	4
<b>Total revenue from exchange transactions</b>	<b>17,756,000</b>	<b>(33,000)</b>	<b>17,723,000</b>	<b>18,656,701</b>	<b>933,701</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	21,002,000	2,912,000	23,914,000	24,792,323	878,323	5
<b>Transfer revenue</b>						
Government grants & subsidies	128,340,000	3,000,000	131,340,000	124,853,386	(6,486,614)	5, 6 & 7
Other transfer revenue 1	-	-	-	178,276	178,276	
<b>Total revenue from non-exchange transactions</b>	<b>149,342,000</b>	<b>5,912,000</b>	<b>155,254,000</b>	<b>149,823,985</b>	<b>(5,430,015)</b>	
<b>Total revenue</b>	<b>167,098,000</b>	<b>5,879,000</b>	<b>172,977,000</b>	<b>168,480,686</b>	<b>(4,496,314)</b>	
<b>Expenditure</b>						
Employee costs	(43,052,000)	-	(43,052,000)	(47,794,501)	(4,742,501)	8
Remuneration of councillors	(10,199,000)	799,000	(9,400,000)	(9,421,810)	(21,810)	
Depreciation and amortisation	(13,000,000)	-	(13,000,000)	(17,465,991)	(4,465,991)	9
Lease rentals on operating lease	-	(4,110,000)	(4,110,000)	(4,195,033)	(85,033)	
Bad debts written off and Debt impairment	(3,500,000)	-	(3,500,000)	(1,560,116)	1,939,884	
Bulk purchases	(12,000,000)	-	(12,000,000)	(11,087,107)	912,893	10
Contracted Services	(23,056,000)	(7,667,000)	(30,723,000)	(11,464,387)	19,258,613	11
General Expenses	(34,578,000)	1,985,000	(32,593,000)	(56,492,602)	(23,899,602)	12
<b>Total expenditure</b>	<b>(139,385,000)</b>	<b>(8,993,000)</b>	<b>(148,378,000)</b>	<b>(159,481,547)</b>	<b>(11,103,547)</b>	
<b>Operating surplus</b>	<b>27,713,000</b>	<b>(3,114,000)</b>	<b>24,599,000</b>	<b>8,999,139</b>	<b>(15,599,861)</b>	
Gain on disposal of assets and liabilities	-	314,000	314,000	354,650	40,650	13
Assets written-off	-	-	-	(63,056)	(63,056)	
	-	314,000	314,000	291,594	(22,406)	
<b>Surplus before taxation</b>	<b>27,713,000</b>	<b>(2,800,000)</b>	<b>24,913,000</b>	<b>9,290,733</b>	<b>(15,622,267)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>27,713,000</b>	<b>(2,800,000)</b>	<b>24,913,000</b>	<b>9,290,733</b>	<b>(15,622,267)</b>	

## Statement of comparison of budget and actual amounts

	Approved Budget	Adjustment budget	final budget	Actual on comparable basis	amounts Difference between final budget and Actual	Reference
	R	R	R	R	R	

### 1.2 THE VARIANCES OF LESS THAN 10% IN REVENUE ARE CONSIDERED TO BE IMMATERIAL WHILE ALL VARIANCES IN EXPENDITURE ARE CONSIDERED MATERIAL AND REASONS FOR VAREINCEIS ARE PROVIDED BELOW ON THESE BASIS.

- (1) Rental of facilities and equipment- Municipality evacuated all non paying tenants and those premises were let to new paying tenants. This resulted in increase in rental of facilities income.
- (2) Interest on consumer debtors -Variance is insignificant and therefore considered to be inline with budget.
- (3) Other income- Municipality started operation DLTC where Learners licences are issued, renew drivers licences and issuing of traffic fines. This resulted in increased revenue than budgeted. There were no indication during budgeting that DLTC could be in operation.
- (4) Interest on investment - Municipality received an INEG grant and an additional R3 Million for MIG in the current financial year from which interest was derived from temporary investments. These grants were not received previous financial year from which our budget was based..
- (5) Community library Service- R4 641 000 was gazetted but only R1 560 000 was actually received from Arts and Culture
- (6) Nkungumathe Lodge grant was gazetted but never received
- (7) Ring-fenced Municipal Infrastructure Grant- There is an unspent portion on ring fenced MIG which has not been recognised as income. The budget was based on amount being fully spent
- (8) Employee related costs - Municipality reviewed organogram and there were new posts created and filled, and also the budget was aligned to the previous year's actual and did not take into account proposed salary increments.
- (9) Depreciation and amortisation - Municipality accelerated the completion of certain capital projects and commenced with depreciation on those asset.
- (10) Bulk purchases - Municipality procured new metres that reports immediately if there is electricity theft, this has resulted in decreased electricity purchases compared to last financial year..
- (11) Contracted services - Contracted services budget includes misallocations from other expenditure accounts e.g lease rentals and general expenditure.
- (12) General expenditure - Implementation of Mscoa resulted in most of general expenditure being classified to contracted services while its general in nature. The overall actual total of contracted and general is inline with budgeted amount, there is an insignificant variance.
- (13) Gain on disposal of assets and liabilities- Assets were disposed through auction, therefore bidders were competing and proceeds were far above municipality's expectations.

## **ACCOUNTING POLICIES**

---

### **1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS**

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

#### **1.1 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

#### **1.2 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

#### **1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### **PROVISIONS**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions.

##### **PROVISION FOR LANDFILL SITE**

The entity has an obligation to rehabilitate its landfill site in terms of its license stipulations. Provision is made for this obligation based on the size / extent of the land to be rehabilitated, the rehabilitation cost per square metre, the monitoring cost per square metre, and the rehabilitation period. Current costs are projected using the average rate of inflation over the remaining period until rehabilitation, and then discounted to their present value to represent the time value of money.

##### **OTHER PROVISIONS**

The municipality's other provisions consist of a provision for long service award. Provisions are measured as the present value of the estimated future outflows required to settle the obligation.

Additional disclosure of these estimates of provisions are included in note 12 - Provisions.

##### **ALLOWANCE FOR DOUBTFUL DEBTS**

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance the estimates are made about the probability of recovery of the debtors based on their past payments history and risk profile. The municipality firstly assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and collectively for financial assets that are not significant.

## ACCOUNTING POLICIES

---

### 14 INVESTMENT PROPERTY

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

#### COST MODEL

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

#### ITEM

##### USEFUL LIFE

Property - land	indefinite
Property - buildings	30 years

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

The nature OR type of properties classified as held for strategic purposes are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note ).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note ).

## ACCOUNTING POLICIES

---

### 1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one accounting period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful

lives of items of property, plant and equipment have been assessed as follows:

---

ITEM	AVERAGE USEFUL LIFE IN years
Infrastructure	
• Roads and paving	30
• Pedestrian malls	30
• Electricity	20-80
Community	
• Buildings	30
• Recreational facilities	20-30
• Security	5

## ACCOUNTING POLICIES

---

### 1.5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### Other

• Buildings	30
• Vehicles	5
• Office Equipment	3-7
• Furniture and fittings	7-10
• Bins and containers	5
• Other items of plant and equipment	2-5
• Landfill sites	15

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note ).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note ).

### 1.6 INTANGIBLE ASSETS

An intangible asset is an identifiable non-monetary asset without physical substance. The entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity and the cost or fair value of the asset can be measured reliably.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

## ACCOUNTING POLICIES

---

### 1.6 INTANGIBLE ASSETS (CONTINUED)

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Intangible assets consist of computer software.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

ITEM	USEFUL LIFE
Computer software, internally generated	5 years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note ).

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

### FINANCIAL INSTRUMENTS

#### CLASSIFICATION

The municipality classifies financial assets and financial liabilities into the following categories:

- Financial assets at amortised cost.
- Financial liabilities measured at amortised cost.
- Financial instruments at fair value.

#### INITIAL RECOGNITION AND MEASUREMENT

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their components parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value plus in case of a financial instrument not subsequently measured at fair value, transaction costs that are directly attributable to acquisition or issue.

Transaction costs on financial instruments at fair value are recognised in surplus or deficit.



## ACCOUNTING POLICIES

---

### 1.7 FINANCIAL INSTRUMENTS (CONTINUED)

#### SUBSEQUENT MEASUREMENT

Financial instruments at fair value are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Financial assets and liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

#### IMPAIRMENT OF FINANCIAL ASSETS

At each end of the reporting period the municipality assesses all financial assets, other than those at fair value, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit.

#### RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as financial assets at amortised cost.

#### PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

## **ACCOUNTING POLICIES**

---

### **1.8 LEASES**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### **OPERATING LEASES - LESSOR**

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

#### **OPERATING LEASES - LESSEE**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

## ACCOUNTING POLICIES

---

### 1.9 IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

[Specify judgements made]

#### IDENTIFICATION

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### VALUE IN USE

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

## ACCOUNTING POLICIES

---

### 1.10 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

#### SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service. The cost of short-term employee benefits are recognised as expense in the period in which the service is rendered and are not discounted.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

## ACCOUNTING POLICIES

---

### 1.10 EMPLOYEE BENEFITS (CONTINUED)

#### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Contributions to Natal Joint Pension Fund are as follows:- Provident: 98 Members 7% Council 13.65%

Retirement: 9 Members 7% Council 53.27%

Superannuation: 8 Members 9.25% Council 21.63%

### 1.11 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 33.

## **Accounting Policies**

---

### **1.12 COMMITMENTS**

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Commitments are measured at the value of the contract less amount incurred.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements.

### **1.13 REVENUE FROM EXCHANGE TRANSACTIONS**

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### **MEASUREMENT**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

### **RENDERING OF SERVICES**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

### **SERVICE CHARGES**

Service charges revenue relating to refuse removal is recognised on a monthly basis in arrears by applying the approved tariff.

Service charges relating to electricity are based on consumption. Meters are read on regular basis and revenue is recognised when billed. Provisional estimates of consumption are made when meter readings can not be done. Prepaid electricity is recognised based on the approved tariffs.

Service charges revenue relating to other services is recognised on a monthly basis in arrears by applying the approved tariff.

## **ACCOUNTING POLICIES**

---

### **1.13 REVENUE FROM EXCHANGE TRANSACTIONS (CONTINUED) INTEREST**

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### **1.14 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

### **RECOGNITION**

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

### **MEASUREMENT**

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.



## Accounting Policies

---

### 1.14 REVENUE FROM NON-EXCHANGE TRANSACTIONS (CONTINUED) RATES,

#### INCLUDING COLLECTION CHARGES AND PENALTIES INTEREST

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

#### GOVERNMENT GRANTS

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expenditure has been incurred and to the extent that any other restrictions have been complied with.

### 1.15 VAT

The municipality accounts for Value Added Tax on the payments basis.

### 1.16 INVESTMENT INCOME

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.17 BORROWING COSTS

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.18 COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

## ACCOUNTING POLICIES

---

### 1.19 UNAUTHORISED EXPENDITURE

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.20 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.21 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the MFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## Accounting Policies

---

### 122 BUDGET INFORMATION

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2018 to 30/06/2019.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

### 123 RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

### 124 EVENTS AFTER REPORTING DATE

Events after the reporting date that have been classified as adjusting events are accounted for in the annual financial statements. Events after the reporting date that are classified as non-adjusting events are disclosed in the notes to the annual financial statements.

## **ACCOUNTING POLICIES**

---

### **125 GRANT EXPENDITURE**

Grant expenditure refers to expenditure incurred by the municipality to deliver services funded by grants received from National and Provincial Government. Grant expenditure includes only operational grants which are conditional. Grant expenditure is only recognised as expenditure when the full conditions of the grant have been complied with. To the extent that the grant is not fully utilised at year end, an unspent conditional grant liability is disclosed.

### **126 BULK PURCHASE**

Bulk purchase expenditure refers to bulk electricity purchased from Eskom and consumed during the year. Expenditure on bulk purchase is recognised as electricity is consumed and electricity not consumed at year end if any is recognised as inventory. At each reporting date, the municipality determines electricity distribution losses and are included in bulk purchases and disclosed separately.

### **127 CONTRACTED SERVICES**

Contracted services refer to expenditure contracted to external service providers over an agreed period of time. A contracted service is recognised as expenditure when the external service provider renders services to the municipality as agreed "in terms of accrual basis of accounting".

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2019 R
--	-----------	-----------

### 2. NEW STANDARDS AND INTERPRETATIONS

#### 21 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

1.3 STANDARD/ INTERPRETATION:	EFFECTIVE DATE: Years beginning on or after	Expected impact:
• GRAP 20 Related Parties	01 April 2019	Unlikely there will be a material impact
GRAP 109: Accounting by Principals and Agents material impact	01 April 2019	Unlikely there will be a material impact
01 April 2019 GRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land		Unlikely there will be a material impact
GRAP 12 (as amended 2016): Inventories material impact	01 April 2018	Unlikely there will be a material impact
01 April 2019 GRAP 17 (as amended 2016): Property, Plant and Equipment		Unlikely there will be a material impact
GRAP 32 Service Concession Arrangements: Grantor material impact	01 April 2019	Unlikely there will be a material impact
• GRAP 108 Statutory Receivables	08 April 2019	Unlikely there will be a material impact

#### 22 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2019 or later periods:

STANDARD/ INTERPRETATION:	EFFECTIVE DATE: Years beginning on or after	Expected impact:
• IGRAP 20: Accounting for Adjustments to Revenue	01 April 2019	Unlikely there will be a material impact
• GRAP 20: Related parties	01 April 2020	Unlikely there will be a material impact
• GRAP 32 Service Concession Arrangements: Grantor	01 April 2020	Unlikely there will be a material impact
• IGRAP 17 Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset		

## Notes to the financial statements

Figures in Rand

### 3. INVESTMENT PROPERTY

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	6,955,451	(2,217,412)	4,738,039	6,955,451	(1,985,923)	4,969,528

#### RECONCILIATION OF INVESTMENT PROPERTY - 2019

	Opening balance	Depreciation	Total
Investment property	4,969,528	(231,489)	4,738,039

#### RECONCILIATION OF INVESTMENT PROPERTY - 2018

	Opening balance	Depreciation	Total
Investment property	5,201,018	(231,490)	4,969,528

Pledged as security

There was no investment property pledged as security:

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

#### AMOUNTS RECOGNISED IN SURPLUS OR DEFICIT

Rental revenue from Investment property	1,053,740	733,962
---	-----------	---------

#### FROM INVESTMENT PROPERTY THAT GENERATED RENTAL REVENUE

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R
<b>3. INVESTMENT PROPERTY (CONTINUED)</b>		
Repairs and maintenance	757,340	-



## Notes to the Annual Financial Statements

Figures in Rand

### 4. Property, plant and equipment

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	85,059,940	-	85,059,940	85,059,940	-	85,059,940
Furniture and office equipment	3,109,555	(1,601,710)	1,507,845	2,757,217	(1,743,358)	1,013,859
Computer equipment	2,766,556	(1,569,964)	1,196,592	2,708,725	(1,976,660)	732,065
Community Assets	79,463,825	(14,476,523)	64,987,302	65,376,917	(11,559,811)	53,817,106
Work in progress	22,451,318	-	22,451,318	11,604,719	-	11,604,719
Electrical infrastructure	17,268,725	(5,801,849)	11,466,876	17,152,724	(5,269,401)	11,883,323
Machinery and equipment	5,455,181	(1,942,902)	3,512,279	6,225,270	(1,801,487)	4,423,783
Transport assets	1,626,924	(604,731)	1,022,193	1,852,547	(1,338,147)	514,400
Landfill site	2,892,562	(1,894,817)	997,745	2,892,562	(1,821,992)	1,070,570
Road infrastructure	146,626,142	(41,955,609)	104,670,533	143,704,348	(31,118,810)	112,585,538
Other Assets	25,485,729	(6,314,735)	19,170,994	25,364,729	(5,369,995)	19,994,734
<b>Total</b>	<b>392,206,457</b>	<b>(76,162,840)</b>	<b>316,043,617</b>	<b>364,699,698</b>	<b>(61,999,661)</b>	<b>302,700,037</b>

## Notes to the Annual Financial Statements

Figures in Rand

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Transfers	Assets Written Off	Depreciation	Total
Land	85,059,940	-	-	-	-	85,059,940
Furniture and Office Equipment	1,013,859	829,861	-	(60,465)	(275,410)	1,507,845
Computer equipment	732,065	834,009	-	-	(369,482)	1,196,592
Community Assets	53,817,106	35,776	14,051,132	-	(2,916,712)	64,987,302
Work in progress	11,604,719	27,819,527	(16,972,928)	-	-	22,451,318
Electrical Infrastructure	11,883,323	116,000	-	-	(532,447)	11,466,876
Machinery and Equipment	4,423,783	50,050	-	(611)	(960,943)	3,512,279
Transport Assets	514,400	629,089	-	-	(121,296)	1,022,193
Landfill site	1,070,570	-	-	-	(72,825)	997,745
Road Infrastructure	112,585,538	-	2,921,796	-	(10,836,801)	104,670,533
Other Assets	19,994,734	120,821	-	-	(944,561)	19,170,994
	<b>302,700,037</b>	<b>30,435,133</b>	<b>-</b>	<b>(61,076)</b>	<b>(17,030,477)</b>	<b>316,043,617</b>

## Notes to the Annual Financial Statements

Figures in Rand

### 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED) RECONCILIATION OF

#### PROPERTY, PLANT AND EQUIPMENT - 2018

	Opening	Additions	Newly	Disposals	Transfers	Reclassification	Derecognition	Assets	Depreciation	Total
	balance		identified assets			n		Off		
Land	100,645,940	-	-	(1,257,000)	-	-	(14,329,000)	-	-	85,059,940
Furniture and Office Equipment	1,159,589	64,191	71,497	-	-	-	-	(5,193)	(276,225)	1,013,859
Computer equipment	947,461	54,721	9,633	-	-	-	-	-	(279,750)	732,065
Community	59,045,940	-	-	-	5,777,914	(8,893,018)	(123,306)	-	(1,990,424)	53,817,106
Work in progress	49,274,666	17,079,303	-	-	(13,640,411)	-	(41,108,839)	-	-	11,604,719
Electrical infrastructure	9,166,440	-	-	-	331,709	3,470,569	-	-	(1,085,395)	11,883,323
Machinery and equipment	2,246,079	2,715,869	783	-	-	-	-	(8,053)	(530,895)	4,423,783
Transport assets	1,057,989	-	-	-	-	-	-	(284,620)	(258,969)	514,400
Landfill site	1,284,684	-	-	-	-	-	-	-	(214,114)	1,070,570
Road infrastructure	117,852,263	-	-	-	6,506,259	(3,470,569)	-	-	(8,302,415)	112,585,538
Other assets	10,899,489	125,000	-	-	1,024,529	8,893,018	(120,056)	-	(827,246)	19,994,734
	<b>353,580,540</b>	<b>20,039,084</b>	<b>81,913</b>	<b>(1,257,000)</b>	<b>-</b>	<b>-</b>	<b>(55,681,201)</b>	<b>(297,866)</b>	<b>(13,765,433)</b>	<b>302,700,037</b>

Written

## NOTES ON THE ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R
<b>4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)</b>		
<b>Pledged as security</b>		
There was no property, plant and equipment pledged as security:		
<b>Repairs and maintenance</b>		
Contracted Services	5,404,824	4,765,282
Materials	729,194	1,655,555
Electrical Infrastructure	4,369,872	4,444,248
Employee Costs	1,910,156	1,053,125
	<b>12,414,046</b>	<b>11,918,210</b>
<b>Reconciliation of Work-in-Progress 2019</b>		
Nkethabaweli - Manziwayo gravel road	6,761,754	5,522,782
Nhloshane Community Service Centre	-	2,295,430
Vimbimbobo Gavel Road	-	1,588,797
Nhlababo Community Hall	-	1,350,018
Mabhuqwini Community Services Centre	1,853,093	123,590
Nkungumathe Sports Field	3,585,357	361,308
Chwezi Community Services Centre	2,339,783	174,945
Mtshwili Community Services Centre	-	63,516
Nhloshane/Mfongosi Community Services Centre	2,048,696	124,333
Khabela Community Services Centre	2,523,051	-
Ezibondweni Gravel Road	2,515,785	-
Kwagugu Access Gravel Road	823,799	-
	<b>22,451,318</b>	<b>11,604,719</b>

### Property, plant and equipment that is being constructed/ developed:

Included in property, plant and equipment are property that have been identified as taking significantly longer period of time to complete than expected, due to the following:

- NKETHABAWELI-MANZAWAYO**  
 The cumulative expenditure has amounted to R 6 761 754. The contract between the Municipality and the contractor was terminated. A new contractor has been appointed to complete the project.
- THALENI-VIMBIMBOBO ELECTRIFICATION**  
 The cumulative expenditure has amounted to R 1 726 359. The contract between the Municipality and the contractor was terminated. A new contractor has been appointed to complete the project.

#### Ntshiza Electrification

The cumulative expenditure has amounted to R 7 082 096. The contract between the Municipality and the contractor was terminated. A new contractor has been appointed to complete the project. There was also a delay due to Eskom strikes.

#### Nhlosane Electrification

The cumulative expenditure has amounted to R 13 098 376. The contract between the Municipality and the contractor was terminated. A new contractor has been appointed to complete the project.

## Notes to the Annual Financial Statements

	2019	2018
	R	R
<b>4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)</b>		
<b>PROPERTY, PLANT AND EQUIPMENT FULLY DEPRECIATED</b>		
<p>The Municipality has 529 items of Property, plant and equipment included in the Fixed Asset Register which have a net book value of zero. 486 of assets are still in use and 43 retired from active use by the Municipality.</p> <p>The Municipality has determined that an appropriate estimate of the assets' useful lives, residual values and depreciation methods was made based on the information available in the previous reporting period. The Municipality will therefore continue to measure these assets at a net book value of zero.</p> <p>The class of assets which are affected as well as the total cost is detailed below:</p>		
<b>Property, plant and equipment fully depreciated and still in use (Cost)</b>		
Computer Equipment		480,469
Furniture and Office Equipment		374,567
Machinery Equipment		90,641
<b>Property, plant and equipment retired from active use (Cost)</b>		
Furniture and Office Equipment		185,769
Machinery Equipment		380,955

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

## NOTES ON THE ANNUAL FINANCIAL STATEMENTS

				2019 R	2018 R
<b>5. INTANGIBLE ASSETS</b>					
		2019		2018	
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment
Computer software	2,274,387	(1,823,140)	451,247	2,564,953	(1,907,699)
					657,254

- RECONCILIATION OF INTANGIBLE ASSETS - 2019**

	Opening balance	Asset written off	Amortisation	Total
Computer software	657,254	(1,980)	(204,027)	451,247

- RECONCILIATION OF INTANGIBLE ASSETS - 2018**

	Opening balance	Amortisation	Total
Computer software	1,055,050	(397,796)	657,254

- PLEDGED AS SECURITY**

There were no intangible assets pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

- INTANGIBLE ASSET FULLY DEPRECIATED**

The Municipality has 6 Intangible assetst included in the Fixed Asset Register which have a net book value of zero. 5 of assets are still in use and 1 retired from active use by the Municipality.

The Municipality has determined that an appropriate estimate of the assets' useful lives, residual values and depreciation methods was made based on the information available in the previous reporting period. The Municipality will therefore continue to measure these assets at a net book value of zero.

The class of assets which are affected as well as the total cost is detailed below:

**Intangible asset fully depreciated and still in use (Cost**

Computer Software 435,987

**Intangible asset retired from active use (Cost)**

Computer Software 83,917

## NOTES ON THE ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R
<b>6. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
<b>Gross Balances</b>		
Electricity	5,008,940	4,629,022
Sundry	3,121,009	2,816,865
Refuse	5,763,519	5,560,149
Other	1,441,878	1,441,878
	<b>15,335,346</b>	<b>14,447,914</b>
<b>Less: Allowances for credit impairment</b>		
Electricity	(312,080)	(1,129,267)
Sundry	(354,566)	(445,870)
Refuse	(4,916,766)	(4,961,343)
Other	(1,050,425)	(728,346)
	<b>(6,633,837)</b>	<b>(7,264,826)</b>
<b>Net Balance</b>		
Electricity	4,696,860	3,499,755
Sundry	2,766,443	2,370,995
Refuse	846,753	598,806
Other	391,453	713,532
	<b>8,701,509</b>	<b>7,183,088</b>
<b>Reconciliation of allowance for credit impairment</b>		
Balance at beginning of the year	(7,264,826)	(7,788,275)
Reversal of credit impairment	630,989	523,449
	<b>(6,633,837)</b>	<b>(7,264,826)</b>
<b>7. Receivables from non-exchange transactions</b>		
Rates - Gross Balance	17,171,256	13,081,398
Add back: Credit balance in debtors	112,605	158,636
Traffic fines	89,350	-
	<b>17,373,211</b>	<b>13,240,034</b>
<b>Less: allowance for credit impairment</b>		
Consumer debtors - Rates	(11,899,561)	(10,271,448)
<b>Net Balances</b>		
Rates	5,384,300	2,968,586
Add back: Credit balance in debtors	89,350	-
	<b>5,473,650</b>	<b>2,968,586</b>
<b>Reconciliation of allowances for credit impairment</b>		
Balance at Beginning of the year	(10,271,449)	(7,082,087)
Contribution to allowance	(1,628,113)	(3,189,362)
	<b>(11,899,562)</b>	<b>(10,271,449)</b>

## NOTES ON THE ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R
<b>8. CONSUMER DEBTORS BY CLASSIFICATION</b>		
<b>Consumers</b>		
Current (0-30 days)	335,586	290,362
31-60 Days	145,333	130,190
61-90 Days	141,530	126,145
91-180+days	9,001,609	7,712,324
	<b>9,624,058</b>	<b>8,259,021</b>
<b>Business</b>		
Current (0-30 days)	1,347,958	1,040,841
31-60 days	266,108	192,839
61-90 days	106,886	111,391
91-180+days	3,382,780	3,255,168
	<b>5,103,732</b>	<b>4,600,239</b>
<b>State Owned</b>		
Current (0-30 days)	837,139	2,568,511
31-60 days	250,031	103,460
61-90 days	146,425	(159,173)
91-180+days	8,878,630	6,217,575
	<b>10,112,225</b>	<b>8,730,373</b>
<b>Other</b>		
Current (0-30 days)	343,462	116,808
31-60 days	127,770	72,166
61-90 days	115,593	59,196
91-180+days	7,079,763	5,691,508
	<b>7,666,588</b>	<b>5,939,678</b>
<b>Total</b>		
Current (0-30 days)	2,864,145	4,016,523
31-60 days	789,242	498,655
61-90 days	510,434	137,559
91-180+days	28,342,782	22,876,575
Add back: Credit balances in debtors	112,605	158,636
Less: Impairments	(18,533,399)	(17,536,275)
Traffic fines	89,350	-
	<b>14,175,159</b>	<b>10,151,673</b>
<b>Consumer debtors past due but not impaired</b>		
Other Consumer debtors debtors which are 3 months past due are not considered to be impaired. At 30 June 2019 - (2018: R 1,580, 444)		
1 month past due	911,517	729,472
2 month past due	815,416	577,502
3 month past due	546,106	273,470
	<b>2,273,039</b>	<b>1,580,444</b>



## NOTES ON THE ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R
<b>9. VAT RECEIVABLE</b>		
VAT	1,846,453	1,391,158
Nkandla Municipality accounts for VAT on cash basis.		
<b>10. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents consist of:		
Cash on hand	5,461	2,083
Bank and cash	5,262,450	1,510,688
	<b>• 5,267,911</b>	<b>1,512,771</b>

### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
FNB Primary Bank Account 62720610717	76,814	817,711	-	136,814	817,711	-
ABSA - Account 4053858355	108,443	184,957	652,992	108,443	184,957	652,992
FNB - Cheque Account 62720611286	-	324,570	-	-	324,570	-
ABSA - Call Account 9104679851	-	-	1,627	-	-	1,627
ABSA MIG Call Account 9108997407	1,997	529	11,432	1,997	2,294	11,432
ABSA MIG Conditional Call Account - 9287118398	-	-	1,228	-	-	1,128
ABSA Conditional Account 9132397071	-	-	46,587	-	-	46,587
ABSA DOE Call Account 9287118576	82,911	78,394	74,014	82,911	78,394	74,014
ABSA EPWP Call Account 9287118801	6,359	96,185	1,073	6,359	96,185	1,073
ABSA MSIG Call Account 9287117928	4,768,999	1,081	8,154	4,768,999	1,080	8,154
ABSA FMG Call Account 9287118110	101,741	5,497	3,229	101,741	5,497	3,229
ABSA Investment account 9287138394	-	-	1,228	-	-	1,228
Nedbank LTD Call Account 1766000029	55,184	-	-	55,184	-	-
Petty Cash	-	-	-	5,463	2,083	5,371
<b>Total</b>	<b>5,202,448</b>	<b>1,508,924</b>	<b>801,564</b>	<b>5,267,911</b>	<b>1,512,771</b>	<b>806,835</b>

Notes to financial statements	R	R
<b>11. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
Cyber Cadet Grant	-	222,530
Municipal Infrastructure Grant	3,494,084	-
Qedisimo Grant	1,447,676	1,447,676
Library Grant	-	71,940
	<b>4,941,760</b>	<b>1,742,146</b>

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. See note 20

for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

## Notes to the Annual Financial Statements

### 12. Provisions

#### Reconciliation of provisions - 2019

	Opening Balance	Additions	Actuarial Gain/(loss) recognised	Interest Cost/Finance Charges	Service Cost	Total
Environmental rehabilitation	5,506,322	330,637	-	-	-	5,836,959
Long service award - short term	51,207	(33,637)	-	-	-	17,570
Long service award - long term	1,765,793	(22,363)	(430,000)	171,000	299,000	1,783,430
	<b>7,323,322</b>	<b>274,637</b>	<b>(430,000)</b>	<b>171,000</b>	<b>299,000</b>	<b>7,637,959</b>

#### • RECONCILIATION OF PROVISIONS - 2018

	Opening Balance	Additions	Actuarial Gain/(loss) recognised	Interest Cost/Finance Charges	Service Cost	Total
Environmental rehabilitation	5,264,170	-	-	242,152	-	5,506,322
Long service award - short term	63,897	(12,690)	-	-	-	51,207
Long service award - long term	1,389,103	(43,310)	42,000	135,000	243,000	1,765,793
	<b>6,717,170</b>	<b>(56,000)</b>	<b>42,000</b>	<b>377,152</b>	<b>243,000</b>	<b>7,323,322</b>

Non-current liabilities	7,620,389	7,272,115
Current liabilities	17,570	51,207
	<b>7,637,959</b>	<b>7,323,322</b>

Environmental rehabilitation provision

The provision for rehabilitation of landfill site relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at 6.55% over an average period of 5 years.

#### • LONG SERVICE AWARD PROVISION

In line with the guidelines of the Bargaining Council, the municipality remunerates its employees for the long service rendered to the municipality. The estimates of the present obligation are determined through the use of Actuarial expertise. Such estimates are reviewed annually at the end of each financial year. The finance cost and actuarial gains/losses are recognised directly in the statement of financial performance.

The municipality offers bonuses for every 5 years of completed service from 10 to 45 years. Long service accumulated leave must be taken within one year of receiving such leave or wholly or partially cashed. In most cases employees exercise the option to wholly convert their accumulative leave bonus days into cash.

#### Key assumptions (%)

Discount rate	9.26%
CPI	5.38%
Salary increase rate	6.38%
Net Discount Rate	2.71%
Mortality	SA85-90
Normal Retirement age	63

## Notes to the Annual Financial statements

R R

### 13. Payables from exchange transactions

Trade payables	16,468,868	10,128,077
Payments received in advanced	302,878	348,909
Other payables	482,754	124,493
Accrued leave pay	3,865,471	3,644,280
Accrued bonus	1,166,829	1,054,876
Retentions	4,254,766	2,905,911
	<b>26,541,566</b>	<b>18,206,546</b>

### 14. Service charges

Sale of electricity	12,965,339	9,685,875
Refuse removal	810,084	763,326
	<b>13,775,423</b>	<b>10,449,201</b>

### 15. Rental of facilities and equipment

<b>Premises</b>		
Premises	1,053,740	733,962
<b>Facilities and equipment</b>		
Rental of facilities	157,464	239,649
	<b>1,211,204</b>	<b>973,611</b>

### 16. Interest on consumer debtors

Interest from exchange and non-exchange transactions	1,324,803	1,303,432
--	-----------	-----------

### 17. Other income

Burial fees	8,422	8,251
Connection fees	194,462	465,691
Housing plan	12,449	-
Library fees	40,904	28,180
Temparing fees	17,900	3,984
Taxi and bus licences	7,981	3,648
Tender monies	193,140	238,141
Plan submission	-	20,307
Recoveries from employees	-	7,225
Rates clearance certificates	1,082	825
Electricity meter upgrade	10,483	12,077
Sale of land	-	78,730
Advertising billboards	3,765	4,835
Newly identified asset	-	81,912
Learners Licences	92,195	-
PrDP and Learners Licences renewals	112,999	-
Other income 26	221,018	-
	<b>916,800</b>	<b>953,806</b>

## Notes to the Annual Financial statements

	R	R
<b>18. Investment revenue</b>		
<b>Interest revenue</b>		
Interest from current account	1,153,260	654,908
Interest on investment	275,211	179,800
	<b>1,428,471</b>	<b>834,708</b>
<b>19. Property rates</b>		
<b>Rates</b>		
Property rates	30,405,900	23,211,744
Less: Income forgone	(5,613,577)	(2,434,939)
	<b>24,792,323</b>	<b>20,776,805</b>
<b>Valuations</b>		
Agriculture	56,000	56,000
Business	118,355,000	111,655,000
Place of worship	3,120,000	1,870,000
Residential	77,483,000	78,953,000
State trust land	117,990,000	115,590,000
State owned properties	653,626,000	515,421,000
Vacant land	11,957,000	11,839,500
Protected area	11,000,000	11,000,000
Specialised non-market properties	21,200,000	22,130,000
Public service infrastructure	105,000	95,000
Public benefit organisations	15,385,000	11,235,000
	<b>1,030,277,000</b>	<b>879,844,500</b>

Valuations on land and buildings are performed every four years. The last general valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The new general valuation was supposed to be effected on 01 July 2017 but the municipality was granted an extension by the MEC and the next general valuation will be effected on 01 July 2019.

A fixed rate is applied:

Agriculture: 0.0031 in the Rand  
Business: 0.0365 in the Rand

Place of worship: 0.0000 in the Rand  
Residential: 0.0118 in the Rand  
State trust land: 0.0031 in the Rand

State owned properties: 0.0369 in the Rand  
Vacant Land: 0.0188 in the Rand

Public Benefit Organisation: 0.0031 in the Rand  
Multiple Use Property: 0.0365 in the Rand  
Protected area: Nil

Specialised non-market properties: Nil  
Public service infrastructure: Nil

The following rebate rates are applied:

100% of market value residential properties less than R80 000  
100% of market value of worshipping properties

## Notes to the Annual Financial Statements

R

R

### 20. Government grants and subsidies

#### Operating grants

Equitable share	86,797,000	82,435,000
Expanded Public Works Programme Grant	2,712,000	3,210,000
Financial Management Grant	1,970,000	1,900,000
Cybercadet Grant	419,530	395,318
Library Grant	909,940	1,154,144
Chwezi contribution	556,000	-
LGSETA	38,000	85,839
	<b>93,402,470</b>	<b>89,180,301</b>

#### Capital grants

Municipal Infrastructure Grant	31,450,916	23,170,000
	<b>124,853,386</b>	<b>112,350,301</b>

#### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

In terms of the Division of Revenue Act an amount of R86 797 000 was gazetted to be received. An amount of R86 797 000 was received.

#### Cyber Cadet Grant

Balance unspent at beginning of year	222,530	34,847
Current-year receipts	197,000	583,000
Conditions met - transferred to revenue	(419,530)	(395,317)
	<b>-</b>	<b>222,530</b>

Conditions still to be met - remain liabilities (see note 11).

#### Finance Management Grant

Current-year receipts	1,970,000	1,900,000
Conditions met - transferred to revenue	(1,970,000)	(1,900,000)
	<b>-</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 11).

#### Municipal Infrastructure Grant

Current-year receipts	34,945,000	23,170,000
Conditions met - transferred to revenue	(31,450,916)	(23,170,000)
	<b>3,494,084</b>	<b>-</b>

Conditions still to be met - remain liabilities (see note 11).

#### EPWP Grant

Current-year receipts	2,712,000	3,210,000
Conditions met - transferred to revenue	(2,712,000)	(3,210,000)
	<b>-</b>	<b>-</b>

## **Notes to the Annual Financial Statements**

R

R

### **20. Government grants and subsidies (continued)**

#### **Qedisimo Projects**

Balance unspent at beginning of year	1,447,676	1,447,676
--------------------------------------	-----------	-----------

Conditions still to be met - remain liabilities (see note 11).

#### **Library Grant**

Balance unspent at beginning of year	71,940	508,083
Current-year receipts	838,000	718,000
Conditions met - transferred to revenue	(909,940)	(1,154,143)
	-	<b>71,940</b>

Conditions still to be met - remain liabilities (see note 11).

### **21. Other income**

Penalties and fines	163,776	13,086
Donation received	14,500	108,413
	<b>178,276</b>	<b>121,499</b>

## Notes to the Financial Statements

R

R

### 22. Employee related costs

Basic	30,755,637	27,650,091
Bonus	2,224,502	2,172,127
Medical aid - company contributions	1,855,067	1,623,772
UIF	280,788	229,965
SDL	467,472	440,736
Leave pay provision charge	826,736	1,053,739
Standby allowance	344,420	270,450
Pension contributions	3,846,363	3,448,479
Travel, motor car, accommodation, subsistence and other allowances	6,059,377	5,529,524
Overtime payments	533,283	530,632
Long-service awards	35,971	391,504
Acting allowances	113,146	427,522
Housing benefits and allowances	60,708	80,821
Industrial council	12,646	23,219
Cellphone allowance	43,554	27,600
Group life insurance	334,831	307,691
	<b>47,794,501</b>	<b>44,207,872</b>

### Remuneration of Municipal Manager

Annual Remuneration	678,104	642,710
Car Allowance	290,616	260,220
Other	21,131	34,137
	<b>989,850</b>	<b>937,068</b>

### Remuneration of Chief Financial Officer

Annual Remuneration	564,305	619,262
Car Allowance	241,845	250,717
Other	55,314	34,386
	<b>864,463</b>	<b>924,365</b>

### Remuneration of Director of Community Services

Annual Remuneration	45,585	-
Car Allowance	19,537	-
	<b>65,122</b>	<b>-</b>

### Remuneration of Director of Technical Services

Annual Remuneration	562,387	600,071
Car Allowance	189,845	232,385
Performance Bonuses	-	78,332
Housing allowance	-	24,788
Other	19,545	16,552
	<b>771,777</b>	<b>952,118</b>



## Notes to the Annual Financial Statements

### 22. Employee related costs (continued)

<b>Remuneration of Director of Corporate Services</b>	<b>R</b>	<b>R</b>
Annual Remuneration	564,305	601,739
Car Allowance	236,295	207,938
Performance Bonuses	-	33,300
Other	25,091	32,599
	<b>825,690</b>	<b>875,576</b>

### 23. Remuneration of councillors

Mayor	872,149	840,208
Deputy Mayor	413,821	399,507
MPAC Chairperson	380,571	367,538
Speaker	413,821	399,507
Councillors	6,170,717	5,837,421
Executive Committee	1,170,731	1,129,262
	<b>9,421,810</b>	<b>8,973,443</b>

### In-kind benefits

The Mayor is full-time. The Mayor, Deputy Mayor, Speaker and Mayoral Committee Members are each provided with an office and secretarial support at the cost of the Council.

The Mayor is entitled to stay at the mayoral residence owned by Council at no cost.

The Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor has three bodyguards. The Deputy Mayor and speaker have two bodyguards.

### 24. Depreciation and amortisation

Property, plant and equipment	17,030,474	13,722,855
Investment property	231,489	231,489
Intangible assets	204,028	397,797
	<b>17,465,991</b>	<b>14,352,141</b>

### 25. Debt impairment

Debt impairment	1,059,409	2,997,438
Bad debts written off	500,707	60,646
	<b>1,560,116</b>	<b>3,058,084</b>

### 26. Bulk purchases

Electricity - Eskom	11,087,107	11,075,818
---------------------	------------	------------

	R	R
<b>Notes to the Annual Financial Statements</b>		
<b>27. Contracted services</b>		
<b>Presented previously</b>		
Information Technology Services	2,212,505	1,202,661
Specialist Services	1,203,655	1,278,959
Other Contractors	8,022,470	5,958,763
<b>Outsourced Services</b>		
Administrative and Support Staff	25,757	-
	<b>11,464,387</b>	<b>8,440,383</b>
<b>28. General expenses</b>		
Advertising	5,451,078	4,705,921
Auditors remuneration (refer to note 28)	1,510,114	1,953,171
Bank charges	158,506	88,800
Bursaries	764,562	787,058
Cleaning	406,363	89,908
Community development	11,224,047	5,752,168
Commission	4,894	7,350
Community safety	-	24,520
Consulting and professional fees	9,605,128	8,311,661
Contracted services - repairs and maintenance	486,904	2,116,567
Fines and penalties	67,891	34,427
Free basic electricity	939,073	161,920
Fuel and oil	1,306,479	1,455,061
Indigent burial	284,841	421,099
Insurance	406,572	337,531
Local economic development	1,145,789	1,289,438
Material - repairs and maintenance	4,587,193	1,690,746
Interest expenditure	111,663	-
Plant hire - road maintenance	3,708,438	2,625,215
Packaging	330,637	242,152
Printing and stationery	613,338	422,820
Protective clothing	331,218	-
Provincialisation	271,103	218,379
Repairs and maintenance - Electricity Infrastructure	4,224,153	4,444,248
Sewerage and waste disposal	473,439	428,236
Social services	-	30,605
Software expenses	101,958	86,681
Spatial planning	-	124,376
Sport & recreation	1,625,047	1,495,705
Staff welfare	136,495	112,177
Strategic planning	99,543	199,998
Subscriptions and membership fees	538,083	505,857
Telephone and fax	803,199	1,042,800
Traffic unit	16,271	109,669
Training	459,278	463,174
Travelling and accommodation	636,905	922,611
Uniforms	466,291	304,430
Water	1,297,332	399,534
Library and information services	-	229,861
Youth development	436,668	498,225
Ward committee stipends	1,462,109	964,800
	<b>56,492,602</b>	<b>45,098,899</b>

## Notes to the Annual Financial Statements

	2019	2018
	R	R
<b>29. Auditors' remuneration</b>		
Fees	1,510,114	1,953,171
<b>30. Operating lease</b>		
Lease rentals on operating lease	4,195,033	3,921,995
Operating leases are in respect of leasing of printing machines from Capital Office. Refer to note 33 on additional lease commitment information.		
<b>31. Cash generated from operations</b>		
Surplus	9,290,733	8,404,861
<b>Adjustments for:</b>		
Depreciation and amortisation	17,465,991	14,352,141
Surplus or (loss) on disposal of assets	(354,650)	(67,998)
Debt impairment	1,560,116	3,058,084
Movements in provisions	314,637	606,152
Assets Written Off	63,056	297,866
Newly Identified assets		- (81,912)
Release of Prepayment on land disposal		- 1,325,000
<b>Changes in working capital:</b>		
Consumer debtors	(3,078,537)	(5,031,256)
Other receivables from non-exchange transactions	(2,505,064)	1,019,324
Overpayments		- 299,139
Payables from exchange transactions	8,335,021	(4,823,183)
VAT	(455,295)	1,635,162
Unspent conditional grants and receipts	3,199,614	(248,460)
	<b>33,835,622</b>	<b>20,744,920</b>

## Notes to the Annual Financial Statements

	2019	2018
	R	R
<b>32. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Electrification	-	30,879,749
• Infrastructure assets	11,681,973	6,052,788
	<b>11,681,973</b>	<b>36,932,537</b>
<b>Not yet contracted for and authorised by accounting officer</b>		
• Infrastructure assets	22,834,000	30,833,333
• Electrification	17,000,000	-
	<b>39,834,000</b>	<b>30,833,333</b>
<b>Total capital commitments</b>		
Already contracted for but not provided for	11,681,973	36,932,537
Not yet contracted for and authorised by accounting officer	39,834,000	30,833,333
	<b>51,515,973</b>	<b>67,765,870</b>
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	51,515,973	67,765,870

This committed expenditure relates to assets and will be financed by available grant funding, retained surpluses, existing cash resources, funds internally generated, etc.

### Operating leases - as lessee (expense)

<b>Minimum lease payments due</b>		
- within one year	1,584,349	1,813,989
- in second to fifth year inclusive	94,723	1,681,532
	<b>1,679,072</b>	<b>3,495,521</b>

Operating lease payments represent rentals payable by the municipality for vehicles and computer equipment. Leases are negotiated for an average term of three years and rentals of vehicles and computer equipment with contingent rentals payable.

### 33. CONTINGENCIES

The following cases against the municipality are still pending and management consider them as contingent liability:

Ulungeni Consulting Engineers v Nkandla Municipality. The municipality is the defendant in this Civil matter. The municipality is sued for R281 954,76. We have been offered the option to settle 70% of the claim. The matter is still pending.

Sibgem Management Consulting Engineers (Pty) Ltd v Nkandla Municipality. Municipality is the defendant on the civil matter. The matter is expected to be settled with an estimated amount of R 4 628 943.42. The matter is pending to proceed to court in due course.

## Notes to Annual Financial Statements

	2019	2018
	R	R
<b>34. RELATED PARTIES</b>		
Relationships		
Management remuneration	Refer to employee related costs note 22	
Council remuneration	Refer to remuneration of councilors note 23	
<b>35. PRIOR PERIOD ERRORS</b>		
1. During the 2018/2019 financial period the municipality's management has engaged various stakeholders regarding properties owned by the National Government and Regional and Land Affairs which were previously recognised in the Municipality's assets register. Through this engagement it became apparent that the municipality should not have recognised these properties as there were supporting information to substantiate such accounting treatment. This incorrect accounting treatment resulted to prior period error and has been adjusted retrospectively.		
2. Through detailed review of the municipal assets it was discovered that the electrification projects which belong to Eskom were previously recognised in the Municipality's assets register. This was confirmed through a detailed review of the agreement between Eskom and the municipality and that Eskom reserves the right to distribute electricity in those areas. Therefore, it is apparent that the Electrical Infrastructure assets were overstated, Retentions and accumulated surplus was overstated in the prior years. This incorrect accounting treatment resulted to prior period error and has been adjusted retrospectively		
3. Through detailed review of the municipal assets it was discovered that 2 generators were duplicated on the fixed asset register. Such error resulted in an overstatement of property, plant and equipment and depreciation and has been adjusted retrospectively.		
4. Through detailed review of the supplier's module and preparation of the suppliers reconciliation; the municipal. noted numerous errors on the individual suppliers account balance as reported on the 30 June 2018. Such errors resulted from duplicated suppliers invoices on the suppliers module and in some other instance 2018 invoices were not raised in that reporting period resulting to understatement of trade payables. The noted discrepancies resulted to prior period error and has been adjusted retrospectively.		
<b>Statement of financial position</b>		
Decrease in Property, plant and equipment		(55,808,776)
Decrease in Payables from Exchange Transaction		3,593,482
Decrease in Opening Accumulated Surplus		52,288,570
Decrease in VAT receivable		(73,276)
	<b>Previously reported</b>	<b>Adjustment</b>
Decrease in VAT receivable	1,464,433	(73,276)
Decrease in Property Plant and Equipment	358,508,817	(55,808,776)
Decrease in Payables from exchange transactions	(21,800,028)	3,593,482
Decrease in Accumulated Surplus	(346,398,980)	52,288,570
	<b>(8,225,758)</b>	<b>-</b>
		<b>(8,225,758)</b>
<b>Statement of Financial Performance</b>		
Increase in Depreciation and amortisation		85,004
Increase in General Expenses		44,559
Decrease in Surplus for the year		(129,563)
	<b>Previously reported</b>	<b>Adjustment</b>
Increase in Depreciation and amortisation	14,267,137	85,004
Increase in General Expenses	45,835,570	44,559
Decrease in Surplus for the year	8,534,424	(129,563)
	<b>68,637,131</b>	<b>-</b>
		<b>68,637,131</b>

## Notes to Financial Statements

2019

2018

### 36. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

#### Statement of financial position - extract

	R		R
	Comparative figures previously reported	Reclassification n	After reclassification
Other assets (refer to note 4 and note 34)	18,260,605	8,893,018	27,153,623
Road infrastructure (refer to note 4 and note 34)	103,403,104	(3,470,569)	99,932,535
Electrical infrastructure (refer to note 4 and note 34)	12,494,294	3,470,569	15,964,863
Community assets (refer to note 4 and note 34)	64,563,183	(8,893,018)	55,670,165
<b>Total</b>	<b>198,721,186</b>	<b>-</b>	<b>198,721,186</b>

#### Statement of financial performance - extract

	Comparative figures previously reported	Reclassification n	After reclassification
Employee cost - Basic salary	43,426,643	781,229	44,207,872
General expenses	45,835,570	(781,229)	45,054,341
<b>Total</b>	<b>89,262,213</b>	<b>-</b>	<b>89,262,213</b>

## Notes to Annual Financial Statements

Figures in Rands

R

R

### 37. RISK MANAGEMENT

#### FINANCIAL RISK MANAGEMENT

##### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

#### Current liabilities

Trade and other payables from exchange transactions	26,541,566	18,206,546
Unspent conditional grants	4,941,760	1,742,146
Provision for long term service award	17,570	51,207
	<b>31,500,896</b>	<b>19,999,899</b>

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter- party.

Consumer debtors comprise of a large number of ratepayers dispersed accross different sectors and geographical areas. Management evaluated credit risk relating to customers on an ongoing basis. Credit exposure is managed by application of the municipality's policies regarding credit control and debt collection. The municipality has made a provision for doubtful debts in accordance to its policies. The carrying amount of financial assets is the maximum exposure to credit risk in relation to these assets.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	<b>2019</b>	<b>2018</b>
Trade and other receivables from exchange transactions	8,701,509	7,183,088
Trade and other receivables from non-exchange transactions	5,473,650	2,968,586
Cash and cash equivalents/bank balances	5,267,911	1,512,771

### 38. Going concern

We draw attention to the fact that at 30 June 2019, the municipality had an accumulated surplus (deficit) of R 303,401,141 and that the municipality's total assets exceed its liabilities by R 303,401,141.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

### • 39. EVENTS AFTER THE REPORTING DATE

There were no events after the reporting date.

**Notes to the Annual Financial Statements**

2019 2018

**Figures in Rands****40. Unauthorised expenditure**

Opening balance as previously reported	36,702,990	25,311,542
<b>Opening balance</b>	<b>36,702,990</b>	<b>25,311,542</b>
Current year movement-Actual expenditure exceeds budget	11,103,547	11,162,073
Uncashed Conditional Grants	-	229,375
Less: Amount written off - prior period	(36,702,990)	-
<b>Closing balance</b>	<b>11,103,547</b>	<b>36,702,990</b>

**41. Fruitless and wasteful expenditure**

Opening balance as previously reported	2,217,659	2,023,650
<b>Opening balance</b>	<b>2,217,659</b>	<b>2,023,650</b>
Fruitless and wasteful expenditure current year not condoned	78,355	70,293
Interest charged on eskom account - current year (not condoned)	45,847	77,240
Overpayments to suppliers	-	46,476
Less: Amount written off - prior period	(2,217,659)	-
<b>Closing balance</b>	<b>124,202</b>	<b>2,217,659</b>

**42. Irregular expenditure**

Opening balance	86,863,596	76,128,076
Add: Irregular Expenditure - current year	4,872,733	10,735,520
	-	-
Less: Amount written off - prior period	(76,003,248)	-
<b>Closing balance</b>	<b>15,733,081</b>	<b>86,863,596</b>

Irregular expenditure relates to procurement of goods and services without following proper supply chain management processes. Irregular expenditure has been submitted to council and the council referred it to the MPAC for investigation.

**43. Additional disclosure in terms of Municipal Finance Management Act****Contributions to organised local government**

Opening balance	1,000,657	500,000
Current year subscription / fee	500,000	500,000
Other invoices	13,062	6,657
Amount paid - previous years	(1,000,000)	-
	<b>513,719</b>	<b>1,006,657</b>

**Audit fees**

Opening balance	42,084	42,440
Current year subscription / fee	1,734,043	2,154,796
Amount paid - current year	(1,776,127)	(2,155,152)
	-	<b>42,084</b>

**PAYE and UIF**

Opening balance	-	1,130,614
Current year subscription / fee	7,331,114	7,683,645
Amount paid - current year	(7,331,114)	(8,814,259)
	-	-



## Notes to Annual Financial Statements

### Figures in Rands

#### 43. Additional disclosure in terms of Municipal Finance Management Act (continued)

##### Pension and Medical Aid Deductions

Opening balance	(1,459)	466,180
Current year subscription / fee	6,666,184	9,103,909
Amount paid - current year	(6,662,982)	(9,571,548)
	<b>1,743</b>	<b>(1,459)</b>

##### VAT

VAT receivable	1,846,453	1,391,158
----------------	-----------	-----------

Nkandla Municipality accounts for VAT on cash basis.

All VAT returns have been submitted by the due date throughout the year.

#### 44. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the and includes a note to the annual financial statements.

Various items were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the who considered them and subsequently approved the deviation from the normal supply chain management regulations. The deviations for 2019 - amounted to R 3 152 189.47 (2018 - R 1 819 064).

#### 45. SURPLUS / (LOSS) ON DISPOSAL OF ASSET

Surplus / (Loss) on disposal of asset	355,242	(1,490,621)
---------------------------------------	---------	-------------

#### 46. ELECTRICITY DISTRIBUTION LOSSES

Electricity distribution loss in rand value	2,966,867	3,987,962
---	-----------	-----------

The electricity losses in units for 2019 - 3 124 587 kWh (2018 - 1,788,283 kWh). This constituted a 26.80% (2018 - 16.3%) loss which is above the norm of 7%-10%

#### 47. CHANGE IN ESTIMATE PROPERTY, PLANT AND EQUIPMENT

During the review of property, plant and equipment and intangible assets, the remaining useful lives were reassessed. The effect of this change in accounting estimate in the current and future periods on depreciation is as follows:

2016	Depreciation previously reported	Revised depreciation	Change in accounting estimate	Impact on future periods
Furniture and Office Equipment	364,530	(319,969)	(44,561)	44,561

#### 4.1 REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### Opinion

1. I have audited the financial statements of the Nkandla Municipality set out on pages 122 to 176 which comprise the statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Nkandla Municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2018 (Act No. 1 of 2018) (Dora).

##### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

##### Emphasis of matters

6. I draw attention to the matters below.

##### **4.1.1.1 Material impairment – receivables from exchange and non-exchange transactions**

7. As disclosed in notes 6 and 7 to the financial statements, receivables from exchange and non-exchange transactions were impaired by a total of R6,63 million (2018: R7,26 million) and R11,90 million (2018: R10,27 million) respectively, as a result of the annual review of the recoverability of the debt.

#### Material losses - electricity

8. As disclosed in note 46 to the financial statements, material electricity losses of R2,97 million (2018: R3,99 million) was incurred, which represents 26,80% (2018: 16,3%) of total electricity purchased. The electricity losses are a result of technical losses and illegal connections.

#### Restatement of corresponding figures

9. As disclosed in note 35 to the financial statements, the corresponding figures for 30 June 2018 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2019.

#### Other matter

10. I draw attention to the matter below.

##### 4.1.1.2 Unaudited disclosure notes

11. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

#### Responsibilities of accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting officer is responsible for assessing the Nkandla Municipality's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

#### Auditor-general's responsibilities for the audit of the financial statements

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## 4.2 REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

#### Introduction and scope

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented

in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

17. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for technical services development priority presented in the annual performance report of the municipality for the year ended 30 June 2019.
19. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. I did not raise any material findings on the usefulness and reliability of the reported performance information for this development priority.

#### **Other matters**

21. I draw attention to the matters below.

##### **4.2.1.1 Achievement of planned targets**

22. The annual performance report on pages xx to xx for information on the achievement of planned targets for the year.

##### **4.2.1.2 Adjustment of material misstatements**

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of the technical services development priority. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

### **4.3 REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION**

#### **Introduction and scope**

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
25. The material findings on compliance with specific matters in key legislation are as follows:

#### **Expenditure management**

26. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R11,10 million, as disclosed in note 40 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of the approved budget.
27. Reasonable steps were not taken to prevent irregular expenditure amounting to R4,87 million as disclosed in note 42 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the disclosed irregular expenditure was caused by contract management processes not being followed.
28. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R124 202 as disclosed in note 41 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest charged by suppliers due to late payment of invoices.

#### OTHER INFORMATION

29. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected development priority presented in the annual performance report that have been specifically reported in this auditor's report.
30. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
31. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priority presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
32. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### Internal control deficiencies

33. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
34. The accounting officer did not respond in a timely manner to address the risk of non-compliance with key legislation relating to expenditure management.

35. Non-compliance with key legislation could have been prevented if compliance checklists were updated and regularly monitored by management.

#### OTHER REPORTS

36. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

#### Investigations

37. The KwaZulu-Natal Department of Co-operative Governance and Traditional Affairs investigated allegations of financial misconduct, fraud and improper conduct relating to supply chain management processes of the municipality that occurred during the 2015-16 financial year. The investigation was concluded in September 2019 and the municipality was still addressing the recommendations of the report at the date of this auditor's report.

Pietermaritzburg  
9 December 2019



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for the selected development priority and on the municipality’s compliance with respect to the selected subject matters.

**Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality’s internal control.
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
  - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nkandla municipality’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease continuing as a going concern.
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



## 2018/2019 FINANCIAL YEAR AUDIT FINDINGS AND REMEDIAL ACTION PLAN

Name of Municipality: Nkandla Municipality

Type of Opinion: Unqualified Audit Opinion

Nature of Audit Query	Audit Query	Response from Municipality Action to resolve query	Target Date	Responsible Person	PROGRESS TO DATE
<b>Material impairment-receivables from exchange and non-exchange transactions</b>	As disclosed in notes 6 and 7 to the financial statements, receivables from exchange and non-exchange transactions were impaired by R18, 533 million (2018: R17, 536 million) respectively as result of the annual review of the recoverability of the debt.	<p>The municipality will begin to prepare debt impairment provision on an monthly basis and will be reviewed by CFO for accuracy and be in line with the policy.</p> <p>Review and strict implementation of credit control and debt collection policy.</p> <p>Cutting of services to non-paying customers, Handing over for debt collection long outstanding debtors</p>	30 March 2020	<b>Chief Finance Officer</b>	<p>Credit Control &amp; Debt Collection Policy – is strictly implemented by ensuring that notices and disconnection is performed on the monthly basis. The analysis of each debt's ability is analysed during the arrangement session.</p> <p>Credit Control &amp; Debt Collection and Indigent Policy - has been recently reviewed in order to identify all customers that are unable to afford to pay for services.</p>
<b>Restatement of corresponding figures</b>	As disclosed in note 34 to the financial statements, the corresponding figures for 30 June 2018 have been restated as a result of an error discovered in the financial statements of the Nkandla Municipality at, and for the year ended, 30 June 2019.	<p>The Municipality will perform the reconciliation on a regular basis. The reconciliations will be monitored and reviewed by senior management to ensure differences are investigated and resolved in a timely manner. The quarterly financial statements (interim statements) will be done.</p>	<b>30 March 2020</b>	<b>Chief Finance Officer</b>	<p>Thorough review of AFS will be done by IA ,and provincial treasury.</p>



<b>Material electricity losses</b>	As disclosed in note 45 to the financial statements, material electricity losses to the amount of R2.896 million (2018:R3.988 million) were incurred which represents 26.80% (2018 -16.3%) of the total electricity purchased were incurred as a result of technical losses due to distribution losses while non-technical losses were due to illegal electricity connections.	The electricity infrastructure upgrade will be implemented. Investigations to detect and disconnect illegal users of electricity will be implemented.	<b>30 March 2020</b>	<b>Chief Finance Officer</b>	The losses are as a result of technical and non-technical losses. The calculation formula was updated as per MFMA Circular 71. The disconnection of non-payment has been an ongoing activity within the municipality – disconnection list has been forwarded to technical services department..
<b>Non Compliance (Predetermined objectives)</b>	Adjustments of material misstatements: Material misstatements in Annual performance report submitted for auditing were identified on the performance information submitted by technical service development priorities. Management subsequently corrected the misstatements	The Annual performance report will be reviewed by the internal auditor and audit committee before the final submission.	<b>30 March 2020</b>	<b>PMS, Risk and Compliance Manager</b>	POE's to support the reported information are thoroughly reviewed on quarterly basis.
<b>Non Compliance (Expenditure management)</b>	Reasonable steps were not taken to prevent irregular expenditure of the total amount of R4.873 million disclosed in note 41, Unauthorised expenditure of R11,064 million disclosed in note 39 and fruitless and wasteful expenditure of R124 202 as disclosed in note 40 as required by section 62(1)(d) of the MFMA.		<b>30 June 2020</b>	<b>Chief Finance Officer</b>	The Expenditure Management Policy – this policy is currently under review in order to ensure to include the payment checklist and to include monthly payment schedule – which will include the list of all suppliers that need to be paid on the monthly basis,

					the responsible personnel, the contact person to forward invoice. This will ensure that if invoice is not received on the specific date – follow up is made by municipal officials. This will also address the issue of interest charged for late payments (Fruitless & Wasteful Expenditure)..
<b>Consequence management</b>	Unauthorised expenditure, fruitless and wasteful expenditure and irregular expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure as required by section 32(2)(a) of the MFMA.	The MPAC will conduct investigations for all UIFW. The disciplinary committee on financial misconduct will be established.	<b>30 March 2020</b>	<b>Municipal Manager</b>	
<b>Leadership</b>	The accounting officer did not exercise adequate oversight over financial reporting and compliance as well as internal control as material misstatements in the annual financial statements were identified and subsequently corrected, which resulted in municipality receiving an unqualified audit opinion.	<ul style="list-style-type: none"> <li>• The Accounting Officer will implement a plan to ensure no recurrence of material corrections to the financial statements as a result of occurrence of material misstatements of financial statements.</li> <li>• Develop GRAP Compliant checklist</li> </ul>	<b>30 March 2020</b>	<b>Municipal Manager</b>	
	The accounting officer did not respond in a timely manner to the risks of credible and reliable performance reporting and non –compliance with key legislation relating to expenditure management, consequence	The accounting officer will facilitate the investigation, establish the disciplinary committee on a financial misconduct in order to	<b>30 March 2020</b>	<b>Municipal Manager</b>	

	management and procurement and contract management.	effective implement the consequence management			
<b>Financial and performance management</b>	Adequate controls were not in place in ensuring that records are properly safeguard to make sure accurate information is accessible and available to support financial and performance reporting as significant delays were identified during the audit in this regard and monthly reconciliations on monthly bank and creditors reconciliations were not performed as material misstatements were identified in the annual financial statements and annual report, which were subsequently corrected.	The Municipality to establish records management system and make sure that all records are accessibly when they are needed.	<b>30 March 2020</b>	<b>Municipal Manager</b>	
<b>Governance (risk management)</b>	The Municipality did conduct a risk assessment, as required by the MFMA however this risk assessment was not adequate to identify the matters that has resulted in the findings included in Audit report and management report	The risk assessment will be done in May to allow enough time for the internal auditor to prepare the annual audit plan. Risk follow ups will be done with risk champions and discussed as risk management committee on quarterly basis to make sure that that there is an effective risk management system.	<b>30 March 2020</b>	<b>PMS, Risk and Compliance Manager</b>	
	Although there were regular interactions with the internal audit and the audit committee, the effectiveness of this could have been strengthened with a more stringent monitoring of the deficiencies detected during the internal audit processes.	Action plans to all IA findings will be developed and become the standing item to all management and audit committee meetings. The Audit plan will be reviewed as per the risk register.	<b>30 March 2020</b>	<b>PMS, Risk and Compliance Manager</b>	